



REGISTERED OFFICE

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Date: July 15, 2024

To,
National Stock Exchange of India Limited
BSE Limited
Symbol: NSE: GRANULES; BSE: 532482

Dear Sir,

Sub: Business Responsibility and Sustainability Report for the FY 2023-24.

Pursuant to Regulation 34 of SEBI (LODR) Regulations, 2015, please find enclosed the Business Responsibility and Sustainability Report for FY 2023-24.

The aforesaid documents are available on the Company's website at www.granulesindia.com and are being sent to all members of the Company along with the Annual Report whose email IDs are registered with the Company/Depositories.

Request you to take the above information on record.

Thanking you

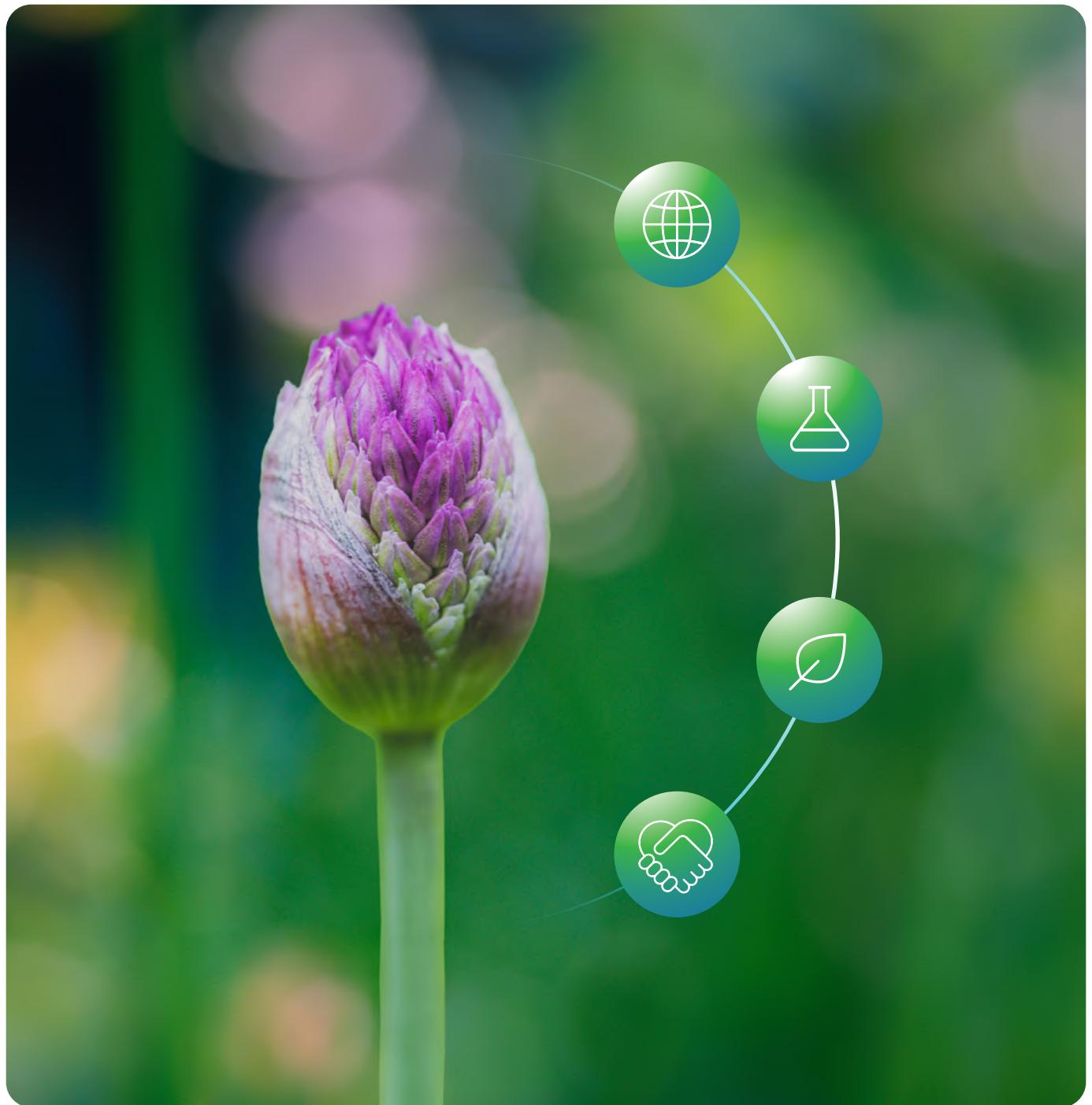
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Encl: As above





Embracing Change.
Shaping Tomorrow.

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Granules India Limited's annual report cover symbolizes our journey of 'Embracing Change, Shaping Tomorrow.' The blooming flower bud signifies a pivotal stage of growth and flourishing, illustrating our expansion and prospect. The four icons embedded within the image encapsulate the core elements of our business ethos.

The globe signifies our geographical expansion to meet global pharmaceutical needs through finished dosage formulations. The flask represents our dedication to R&D and portfolio expansion, highlighting innovations in chemistry platforms such as biocatalysis and continuous manufacturing. The leaf underscores our commitment to environmental sustainability, while the handshake signifies building trust and expanding relationships with our customers and stakeholders. This cover reflects our journey towards an innovative, responsible and progressive future



Embracing Change.
Shaping Tomorrow.

Granules India Limited
Annual Report 2023-24

 GRANULES



Embracing Change. Shaping Tomorrow.

FY 23-24 was a pivotal year that tested our adaptability and resilience in various ways. Our strategic emphasis on formulations helped maintain a steady turnover and increased our value-added percentage, despite cyber incidents, declining Paracetamol API volumes, and market price erosion. The focus on high-value formulations consolidated our revenue stream further with the finished dosage (FD) segment's contribution rising to 64%, up from 50% in FY 22-23.

With approvals for 16 new dosage formulations in FY 23-24, we expanded our portfolio with successful launches in the US and Europe. The increase in product offerings, coupled with strategic partnerships with our customers, enhanced our market presence in North America, Europe, and other regulated markets.

While we focus on driving business growth and profitability, we made consistent progress in sustainability goals. Our innovations and initiatives in supply chain decarbonization and green chemistry closely align with our goal of achieving net zero emissions by 2050.

Looking ahead, we anticipate sustained growth driven by our robust formulation segment, and market expansion supported by building deep capabilities in APIs and select KSMs. Our investments in R&D and a strong product pipeline, particularly in large volume molecules, oncology, antidiabetic segments and CNS/ADHD segment, position us for future success.

Message from the Chairman and Managing Director



Demonstrating Resilience, Emerging Stronger

Dear Stakeholders,

It gives me immense pleasure to share the performance and progress of FY 23-24. The global pharmaceutical industry continues to evolve rapidly, driven by technological advancements, increasing demand for high-quality healthcare, and a growing focus on sustainability. In this dynamic environment, we are embracing this change to shape a future that positions us as a leader in the target market through strategic innovations, pioneering sustainability initiatives and continued pursuit of manufacturing excellence.

Resilience Amidst Challenges

In the year under review, our revenue remained flat at ₹ 45,064 million, compared to ₹ 45,119 million in FY 22-23, impacted primarily by a cyber incident and a decline in Paracetamol API sales. The ransomware attack in May delayed product releases and affected performance in Q1 and Q2. The decrease in paracetamol API sales is attributable to higher customer inventory and price erosion. Despite these challenges, our strategic focus on formulation growth, including

GPI-manufactured products, enabled us to sustain a similar turnover YoY.

EBITDA for FY 23-24 was ₹ 8,560 million, with a margin of 19.0%, compared to ₹ 9,138 million and 20.3% margin in FY 22-23. Cash flow from operations for FY 23-24 was ₹ 4,394 million, compared to ₹ 7,387 million in FY 22-23, impacted by reduced EBITDA and extended inventory days due to new product launches and logistical challenges. Our R&D spend for the year amounted to ₹ 1,986 million, (4.4% of Revenue), compared to last



year spend of ₹ 1,164 million (2.6 % of Revenue), highlighting our commitment to future growth through innovation.

Our net debt increased marginally by ₹ 750 million to ₹ 8,421 million from ₹ 7,671 million at the beginning of the year. We invested ₹ 3,788 million in capital expenditures during the year, focusing primarily on enhancing capabilities in Granules Life Sciences and Granules CZRO.

Breakout Year for Formulation Business Segment and Product Diversification

We have progressively moved up the value chain and are now a vertically integrated player with a robust product portfolio. Our finished dosages (FD) segment had a breakout year, contributing 64% to our revenue in FY 23-24, a significant increase from 50% in FY 22-23. This shift highlights our strategic emphasis on high-value formulations, which partially offset the decline in API sales. Moreover, our investments in diversifying our portfolio beyond our legacy products have started to show results, and their contribution now stands at 25% of our revenue.

Unlocking Potential with Focused Approach

Our US business has grown by a 25% CAGR over the past decade, leveraging our unique manufacturing platforms in India and America. We have achieved market leadership in CNS/ADHD products manufactured at our US site, with seven products ranked #1, contributing 70% of GPI's revenues. Our OTC products have also secured leadership positions, demonstrating our robust market presence.

We completed multiple successful inspections and audits by the FDA, ANVISA, Health Canada, and PMDA Japan, ensuring compliance with the highest regulatory standards. We

have significantly enhanced our R&D capabilities, with a dedicated team of 300 members working across various laboratories. Our focus on controlled substances, complex products, and innovative technologies has yielded a robust product pipeline in oncology, anti-diabetic segments, large volume molecules and other non-OSD dosage formulations.

During the year, we received several Abbreviated New Drug Application (ANDA) approvals from the USFDA and certifications from EU/RoW, bolstering our regulatory standing and expanding our portfolio. We are expanding our formulation capabilities to meet growing demand with a new facility at Genome Valley that commenced operations in March 2024. When fully completed, this plant will add 8 bn dosages to our capacity, while our packaging facility in Virginia holds us in good stead for emerging opportunities. Additionally, we are enhancing our enzyme manufacturing capabilities for biocatalysis and continuous manufacturing platforms.

Our Commitment to Sustainability

Granules is dedicated to healing life responsibly by pioneering green science. We have committed to achieving net zero emissions by 2050, aligning with SBTi's 1.5°C pathway, and have submitted our Net zero targets to SBTi for validation. Our comprehensive Scope 3 emissions assessment and Net Zero roadmap are in place, and we have initiated actions focusing on efficiency measures, biofuels, renewable energy, and supplier sustainability programs. Our green pharma initiative, CZRO, emphasizes complete supply chain decarbonization through integrated green energy and green molecule platforms, ensuring sustainable backward integration of Paracetamol and Metformin.

"The pharmaceutical industry has a dual responsibility: to heal lives and to heal the planet. Through innovative strategies and sustainable practices, we can drive our industry towards decarbonization and contribute significantly to a carbon-neutral future."

**Dr. Krishna Prasad Chigurupati
at COP 28**

Strengthening Leadership

We have strengthened our Board by inducting of Mr. Kapil Kumar Mehan, Mr. Sethurathnam Ravi, and Mr. Rajiv Pritidas Kakodkar as Independent Directors, bringing their rich experiences to our strategic decision-making processes.

Over the past two years, we have enhanced our leadership across R&D, core operations, and other functions. We have appointed Ms. Priyanka Chigurupati as Executive Director, responsible for global marketing and new product launches. We have also instituted robust cybersecurity measures after the cyber attack to safeguard our operations.

To conclude, I sincerely thank our employees, investors, customers, suppliers, and stakeholders for their unwavering support and trust. Together, we will continue to embrace change and shape a promising tomorrow.

With best wishes to you and your families,

DR. KRISHNA PRASAD CHIGURUPATI
Chairman and Managing Director

Granules India Limited at a Glance

Over the past four decades, **Granules India** has emerged as a high-growth, vertically integrated pharmaceutical company with consistent performance and a growing global footprint.



We have carved a distinct position in the global pharmaceutical sector by delivering superior quality API, PFI and FD through manufacturing excellence, process innovation and proven regulatory expertise.



Our Purpose

**Healing lives
responsibly
through pioneering
green science.**

Our purpose is deeply rooted in our hearts, with a strong commitment to environmental stewardship, we strive to integrate sustainability and growth on our journey. Our purpose statement captures our dedication to enhancing health and well-being while conducting business sustainably and ethically, protecting the interests of all stakeholders and the planet. We foster a culture of innovation, consistently investing in research and development to achieve more affordable and efficient outcomes. Our emphasis on green science ensures that our methods and processes reduce environmental impact and address climate risks. This purpose statement aligns our business goals with our commitment to social and environmental responsibility, paving the way for a healthier and more sustainable world.

Our Vision

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

Our vision is ambitious, inspiring us to push boundaries, redefine possibilities, and create lasting change. It reflects our aim to build a strong brand identity and foster customer loyalty. By leveraging advanced technologies, we drive innovation, sustainability, efficiency, and superior quality in our products and services. Our ultimate goal is to enhance customer satisfaction, offering impactful solutions that meet their needs and aspirations, solidifying our position as a leader in the industry.

Values that Guide Our Actions



Challenging Limits

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



Customer Driven

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



Futuristic Thinking

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



Empowering Employees

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



Quality Everywhere

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



Environmental Stewardship

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

Business Segments

Catering to Diverse Pharmaceutical Needs

At Granules, we take pride in our diverse portfolio across Active Pharmaceutical Ingredients (API), Pharmaceutical Formulations Intermediates (PFI), and Finished Dosage (FD). These segments showcase our commitment to pioneering solutions in pharmaceutical manufacturing, enhancing efficiency, and meeting global healthcare needs with cutting-edge innovation.



22%

Share of revenues from our API business on FY 23-24



14%

Share of revenues from our PFI business on FY 23-24



64%

Share of revenues from our FD business on FY 23-24



Active Pharmaceutical Ingredients (API)

Our focused API portfolio has enabled us to emerge as one of the most efficient and cost-effective manufacturers, globally. We serve our customers through four APIs and intermediate facilities in Hyderabad and Vizag, with a cumulative installed capacity of 40,000 TPA.

In addition to streamlining the manufacturing processes for the existing list of products, our R&D team has developed and commercialized several products to integrate forward and backwards as needed.

API Revenues

(₹ cr)

FY 23-24	9,866
FY 22-23	13,414
FY 21-22	9,751
FY 20-21	9,124



Pharmaceutical Formulations Intermediates (PFI)

We pioneered the concept of commercializing pre-formulation intermediates (PFIs) to reduce the cost economics of products and enable manufacturers to operate more efficiently. PFIs enable 'drum to hopper to compression/encapsulation,' which offer cost and quality advantages on the supply chain, testing, technical and capital resources fronts at finished dosage manufacturers' site. Not all molecules have properties that are amenable to be converted into PFIs. Hence, at the PFI R&D unit, we work on identifying and scaling up PFIs for molecules with a sustainable market presence and focus on bringing in continuous cost efficiencies.

PFI Revenues

(₹ cr)

FY 23-24	6,107
FY 22-23	9,021
FY 21-22	8,456
FY 20-21	6,262



Finished Dosages (FD)

Our objective is to focus on vertically integrated dosage formulations through the development of immediate-release, extended-release, delayed-release, and multi-particulate pellet system-based tablets, capsules, press fits, oral solutions, suspensions, and powders for oral solutions, with innovation at the development and manufacturing stages.

Our basket of products include:

- ▶ High volume vertically integrated products where scale and continuous manufacturing is critical.
- ▶ Medium to high volume complex products: extended-release, delayed-release, multi-particulate pellet system-based products.
- ▶ CNS/ADHD product segment, including controlled substances with a focus on extended and delayed-release pellet products.

FD Revenues

(₹ cr)

FY 23-24	29,090
FY 22-23	22,684
FY 21-22	19,442
FY 20-21	16,989

Business Segments

Advancing Healthcare through Innovative Solutions

We offer a diverse range of products across APIs, PFIs, and FDs, catering to key markets in North America, Europe, India, and Latin America. Our product offerings span from essential, high-volume first-line treatments such as paracetamol, metformin, guaifenesin, and methocarbamol to our emerging portfolio in oncology, other large-volume molecules, and the anti-diabetic segment.

Our diversified portfolio includes various finished dosage forms like tablets, caplets, and press-fit capsules, available in bulk, blister packs, and bottles. We have vertically integrated our offerings in the oncology therapeutic segment and expanded our capabilities to include complex MUPS (Multiple Unit Pellet System) technologies and advanced delivery systems for modified and delayed-release formulations.



Catering to a Global Customer Base

• 66%

₹ 29,866 mn
North America

• 19%

₹ 8,826 mn
Europe

• 5%

₹ 2,080 mn
RoW

• 5%

₹ 2,256 mn
India

• 5%
₹ 2,035 mn
LATAM

% as share of revenue

Note: Map not to scale

Our Robust Manufacturing Capabilities

	Manufacturing Units	Capacity	Regulatory Approvals
API	<ul style="list-style-type: none"> ▶ Bonthapally, Telangana ▶ Jeedimetla, Telangana ▶ Vizag (Unit IV), Andhra Pradesh ▶ Vizag (Unit V), Andhra Pradesh ▶ Bonthapally II (API Intermediate) 	<ul style="list-style-type: none"> ▶ 34,560 TPA ▶ 4,800 TPA ▶ 380 KL ▶ 15 KL ▶ 61.5 KL 	<ul style="list-style-type: none"> ▶ US FDA, EDQM, WHO, COFEPRIS, INFARMED ▶ US FDA, EDQM, COFEPRIS, WHO, CDCSO ▶ US FDA, KFDA, EU GMP, WHO GMP, EDQM ▶ EU GMP
PFI	<ul style="list-style-type: none"> ▶ Gagillapur, Telangana ▶ Jeedimetla, Telangana 	<ul style="list-style-type: none"> ▶ 23,200 TPA ▶ 1,440 TPA 	<ul style="list-style-type: none"> ▶ US FDA, COFEPRIS, TGA, MCC, INFARMED ▶ WHO GMP, COFEPRIS, INFARMED
FD	<ul style="list-style-type: none"> ▶ Gagillapur ▶ Virginia, USA ▶ Vizag (Unit V) ▶ Granules Life Sciences (GLS) 	<ul style="list-style-type: none"> ▶ 26.8 bn ▶ 1.5 bn ▶ 1.1 bn ▶ 2.5 bn* (8 bn#) 	<ul style="list-style-type: none"> ▶ US FDA, MCC, COFEPRIS, TGA, INFARMED ▶ US FDA, DEA ▶ EU GMP
Packaging	<ul style="list-style-type: none"> ▶ Virginia, USA 	<ul style="list-style-type: none"> ▶ Two OTC lines and a Rx line 	<ul style="list-style-type: none"> ▶ US FDA

Upcoming Facility - Granules Life Sciences (GLS)

* Phase-1: Annual capacity by Mar-2025

Phase-2: Annual capacity by 2026

8 bn Dosage FD capacity by 2026

Milestones

Four Decades of Excellence

Our journey has witnessed pivotal milestones, from paracetamol API production to our commitment to expanding into a world-class, vertically integrated pharmaceutical manufacturing platform. We continue to achieve greater heights with our strategic objectives, aiming to strengthen our market presence, diversify our portfolio, and enhance operations through technology integration and sustainable practices.

1984

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



1990

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



1991

Incorporated Granules India Private Limited.

1993

Established our first PFI facility at Jeedimetla.

1995

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



2003

Set up a new large-volume PFI facility in Gagillapur.

Set up wholly-owned subsidiary, Granules USA, for marketing in the US.

2005

Built a new Paracetamol plant in Bonthapally, Hyderabad.



2008

Entered the Finished Dosages segment.

2010

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

2013

Established API R&D facility in Pragathi Nagar.
Acquired Auctus Pharma – an API manufacturing facility with regulatory approvals.

2014

Set up a wholly-owned subsidiary in the US.
Granules Pharmaceuticals began focusing on formulation R&D to forward integrate APIs.

2015

Laid the foundation for our Oncology API and OSD plant and a multiple product API plant in Visakhapatnam.

2019

Entered the front-end business for the sale of Rx Products in the US under the GPI label.



2021

Set up the largest single manufacturing site for a multi-unit pellet system facility at Gagillapur.



2023

Set up GPAK, a ~80,000 sq. ft. packaging facility with four packaging suites and a warehousing facility.
Established new purpose, mission, and values.

2024

Granules Life Sciences (GLS), with a planned FD capacity of 8 bn dosages, successfully commenced operations.
Granules CZRO pilot plant commenced operations.

Key Performance Indicators

Progressing with Purpose

Over the years, we have remained committed to achieving sustainable growth and profitability while prioritising responsible and ethical business practices. Through strategic initiatives, operational efficiency, and market responsiveness, we navigate the complexities of the pharmaceutical industry with resilience and adaptability. This commitment underscores our dedication to sustainable practices and responsible leadership.

Financial

Revenue
(₹ mn)

₹45,064

FY 23-24	45,064
FY 22-23	45,119
FY 21-22	37,649

Operating Cash Flow
(₹ mn)

₹4,394

FY 23-24	4,394
FY 22-23	7,387
FY 21-22	3,321

EBITDA
(₹ mn)

₹8,560

FY 23-24	8,560
FY 22-23	9,138
FY 21-22	7,222

ROCE
(%)

16.50%

FY 23-24	16.50
FY 22-23	21.20
FY 21-22	19.30



Non-Financial

22%

Absolute reduction in
GHG emissions
(Scope 1 and 2)

47%

Of electricity consumption
from renewable sources
(PPA, rooftop solar, and
I-RECs)

~40%

Of our waste water
is recycled

88%

Hazardous waste sent for
reused (co-processing)

80%

Of vendors engaged to
determine product carbon
footprint and climate
commitment

6,525+

Employees

11.7%

Female employees

31%

Increase in
female employees

100%

Return-to-work rate

1,200+

Students trained through
Pharma Pathshala

Zero

Confirmed cases
of discrimination

25%

Women on the Board

Operating Context

Identifying and Adapting to Emerging Trends

Navigating the dynamic landscape of the global pharmaceutical industry, we strategically position ourselves to capitalize on emerging trends and market opportunities. By aligning with crucial growth drivers and leveraging our robust capabilities, GIL aims to drive innovation, expand product offerings, and enhance our global footprint.

Global Pharmaceutical Market Dynamics

The global pharmaceutical industry is experiencing robust growth and will likely to achieve a compound annual growth rate (CAGR) of 5-8% through 2028, with spending expected to reach \$ 2.3 trillion. Emerging markets such as China, India, and other Asian regions drive this growth. In contrast, North America, Western Europe, and Japan, with higher per capita medicine usage, and spending base are poised for slower growth, albeit on a higher base.

Trends Shaping the Industry

- ▶ **Therapeutic Advancements:** Immunology, endocrinology, and oncology therapies are leading growth in medicine usage.
- ▶ **Demographic Shifts:** Aging populations worldwide are increasing the prevalence of chronic diseases.
- ▶ **Healthcare Accessibility:** Efforts to improve access to essential medicines drive global market expansion.
- ▶ **Global Generics Market:** There is a growing demand for generics medicines, which accounts for 60%-80% share of pharmaceutical volume sales in major markets worldwide, is driven by patent expiry of branded medicines, increasing prevalence of chronic diseases, and the demand for affordable, high-quality medications.
- ▶ **Sustainability Focus:** Pharmaceutical industry leaders are increasingly adopting decarbonization and net-zero targets. There is a growing trend for sustainable pharmaceutical solutions across the supply chain to meet these commitments and targets.

5-8%

CAGR in medicine spending between 2024 and 2028





Our Strategic Response

Against the dynamic global pharmaceutical landscape, we are well-positioned to capitalize on global trends through our strategic pillars:

Strengthening Core Capabilities

Leveraging manufacturing excellence and operational efficiency to optimize scale and mitigate supply chain risks.

R&D and Innovation

Investing in product and process development through innovation across formulations, APIs, and intermediates to enhance our product pipeline and technological capabilities.

Commitment to Sustainability

Pioneering green initiatives to achieve complete supply chain decarbonization and reach net-zero goals by 2050, in line with global sustainability standards.

Managing Risks with Prudence

At Granules, we recognize the importance of a robust risk management system that aligns business decisions with identified and emerging risks. Our Risk Management Policy and Framework provides a comprehensive view of our risk exposures and facilitates proactive mitigation.



Find more details on our Risk Management on Page 28

Business Strategy

Our strategic framework revolves around **strengthening our core, driving R&D and innovation, and advancing sustainability**.

1

**Strengthening
Our Core**

2

R&D and Innovation

3

Sustainability

These pillars underscore **our commitment to enhancing manufacturing excellence, fostering cutting-edge research and development, pioneering sustainable practices, and ensuring sustained leadership** in the pharmaceutical industry.



The first strategic lever focuses on strengthening our core capabilities by building on our legacy of manufacturing excellence in large volume molecules through continuous innovation and operational excellence. This approach means optimizing scale, efficiency, backward integration into select intermediates, process innovation, achieving cost leadership, mitigating supply chain risks, expanding market presence, and progressing along the value chain in strategic markets through commercial excellence.



The second strategic lever empowers us to drive innovation and research and development across our entire value chain, from active pharmaceutical ingredients (APIs) and chemical intermediates to finished formulations. Our R&D investments are directed towards product and process development capabilities and improving the quality of our product pipeline. We have exciting product pipelines in oncology, anti-diabetic segment, large volume molecules, and other dosage forms backed by unique capabilities and technology platforms that we have been developing, such as bio-catalysis and continuous manufacturing.



Sustainability is central to our strategic vision, aiming to lead in pharmaceutical manufacturing through responsible practices. Committed to Net Zero by 2050 and aligned with SBTi's 1.5°C pathway, we conducted a comprehensive Scope 3 emissions assessment. Our net zero roadmap includes actions for Scope 1, Scope 2, and Scope 3 reductions. Initiatives include efficiency measures, biofuels, renewable energy, supplier sustainability programs, green molecule platforms, ecofriendly technologies like Biocatalysis, and integrating sustainability into product development through eco scale.

Business Strategy

STRENGTHENING OUR CORE

Fortifying Our Leadership

1

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

With years of dedicated effort in manufacturing excellence, vertical integration, focused execution, and cost leadership, we have built a resilient business centered around key large volume molecules that has formed core of our business. This achievement has led us to a critical scale and a prominent leadership position in the market. Our core strength lies in our existing product portfolio, relationships with leading customers, including innovators, brand owners and retailers in our key markets, robust pipeline, state-of-the-art manufacturing facilities, and extensive capabilities. We have cultivated a reputation and fostered a culture of manufacturing excellence, leveraging economies of scale, producing large-volume products, and possessing advanced infrastructure for MUPS, oncology, and controlled substances. We are institutionalizing this approach as an ongoing commitment to continuously enhance profitability through a portfolio of value engineering projects. The improved margins from our core business provide us with the resources to invest in future growth drivers and drive innovation-led research and development initiatives.



STRENGTHENING OUR CORE

- Vertical integration and product leadership**
- Cost leadership through manufacturing and process excellence**
- Moving up the value chain**
- Market and customer centricity**
- Geographical expansion**
- Customer service excellence**

Catalyzing Growth through Product Portfolio Expansion

2

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



We now have a network of research centers focused on building critical capabilities in the organization. Our R&D network includes Integrated product development R&D center at Genome Valley, a Center of Excellence (CoE) dedicated to controlled substance APIs and KSM development at Pragathi Nagar, a bio lab for developing Enzyme and fermentation capabilities at Pragathi Nagar, and a Formulation R&D center at Granules Pharma Inc (GPI), Virginia, USA, for developing complex formulations.

We have exciting product pipelines in oncology, the anti-diabetic segment, large-volume molecules, and other dosage forms. Development work for these key APIs, are progressing well in the lab and we are also gearing up to put commercial-scale manufacturing capacity at Unit V for the APIs and advanced intermediates. We have the ANDA approvals for the finished dosage of some of these molecules. With their backward integration enabled by a differentiated technology platform, we aim to reach the leadership position in these molecules. Leveraging the R&D expertise of Pragathi Nagar and Granules Pharma Inc (GPI), we are poised to expand our footprint in controlled substances, solidifying our position in the market.



BUILDING TECHNOLOGY PLATFORMS

Enzyme and Bio Transformation

We are transitioning from inefficient and waste-intensive processes such as metallo catalysis and organo-catalysis to an eco-friendly substitute.

Flow Technology and Continuous Manufacturing Platform

We are leveraging excellence in identified chemistries to drive future innovation.

Business Strategy

PIONEERING GREEN PRODUCT DEVELOPMENT FOR SUSTAINABLE GROWTH

We have prioritized sustainability from the early stages, integrating our green chemistry matrix with principles like atom economy, atom efficiency, and E-factor.

Granules Eco-Scale
Eco-Scale assesses
process efficiency through
evaluations across

6

Parameters

38

Sub-parameters

at every stage.

The Eco Scale integrates our green chemistry matrix with principles such as atom economy, atom efficiency, and E-factor, supported by eco-friendly enzymes and biotransformation. Our superior capabilities in identified chemistries enhance sustainability at product development stage. Operational targets and green score thresholds drive our unwavering commitment to embedding sustainability in each product, cultivating a greener and more responsible approach.

Our Portfolio Expansion and Outlook

Our Legacy and our core portfolio

Core/Legacy Products

- Paracetamol
- Metformin
- Ibuprofen
- Guaifenesin
- Methocarbamol

Current portfolio

Core Products

CNS/ADHD Products

New products

- Large volume products
- MUPS Products (PPI)

Future portfolio

Onco Products

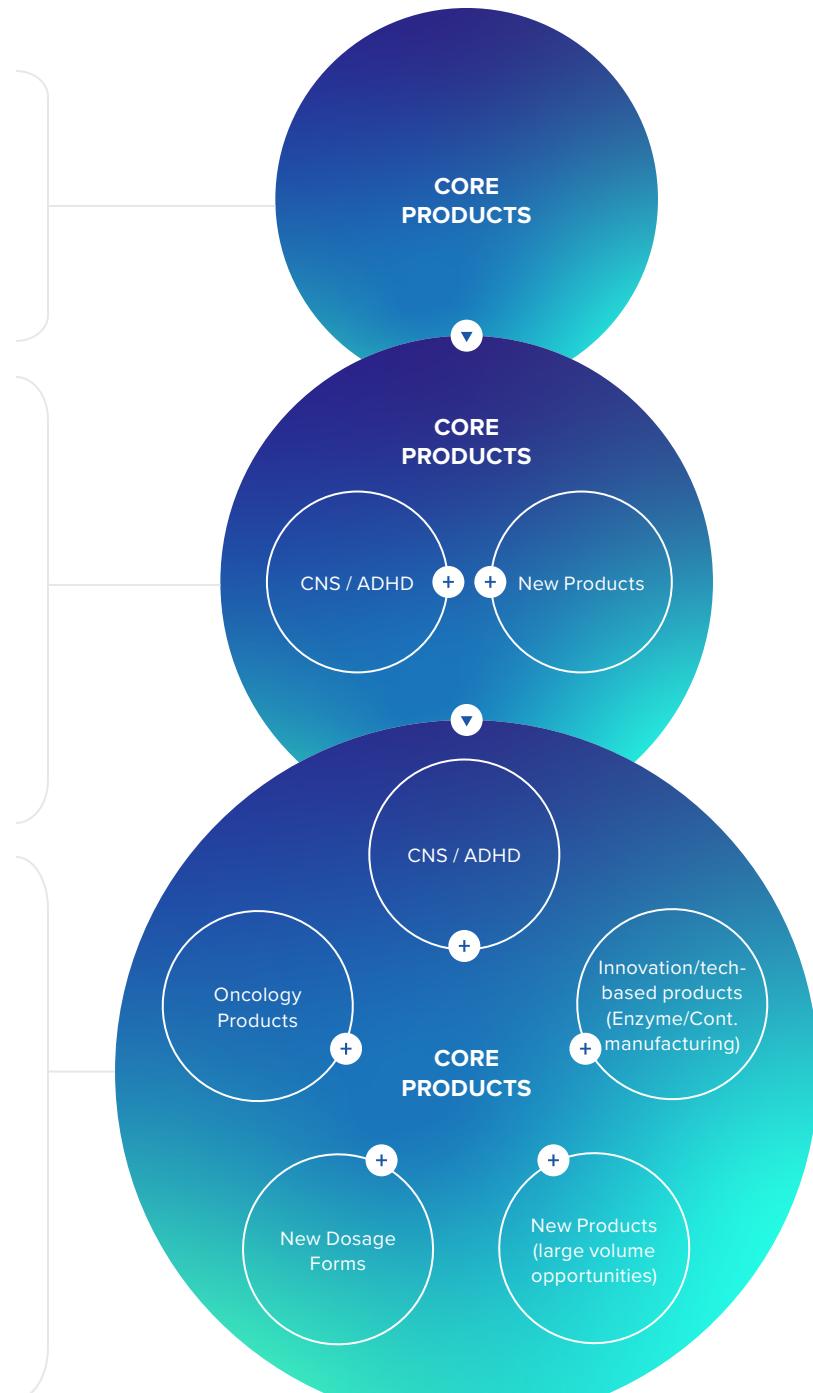
Small molecule Oncology products pipeline.

Innovation based Products

Leveraging Enzyme and continuous manufacturing platforms for anti-diabetic and other product categories.

New Dosage forms

Expanding beyond oral solid dosages



Charting a Sustainable Future

3

Sustainability is a guiding principle in our strategic vision and decision-making process, integrating environmental and social considerations with our business objectives.

We are committed to achieving our net-zero targets by 2050, aligned with SBTi's 1.5°C pathway. We have conducted one of the pharma industry's most comprehensive Scope 3 emissions assessments. Our finalized Net Zero roadmap includes action plans for reducing Scope 1, Scope 2, and Scope 3 emissions through efficiency measures, adoption of biofuels and renewable energy, supplier sustainability programs, and green molecule platform technologies like biocatalysis and continuous manufacturing. Sustainability is integrated into our product development via Eco Scale and Green Card, fostering positive change and responsible business practices.

In pursuing sustainability, we have implemented the following measures:

- ▶ Conducted a Materiality Assessment and aligned with the United Nations SDGs.
- ▶ Committed to Science-Based Targets (1.5°C pathway).
- ▶ Set a goal for net zero by 2050.
- ▶ Assessed and disclosed emissions across our value chain (Scope 1, 2, and 3) for all subsidiaries.
- ▶ Performed life cycle assessment and product carbon footprint (PCF) for our top five products, covering 64% of our revenue.
- ▶ Rolled out carbon emission reduction measures (CERMs).
- ▶ Launched a supplier sustainability program.
- ▶ Submitted climate commitments to SBTi for approval.
- ▶ Aligned climate risk assessment with TCFD reporting.
- ▶ Started a pilot plant for green molecule initiatives through our subsidiary Granules CZRO.
- ▶ Partnered with NIPER Mohali to establish a center of excellence for innovative and sustainable pharmaceuticals.
- ▶ Advocated for the decarbonization of the pharmaceutical sector at various public forums.
- ▶ Featured our decarbonization plan at COP 28 (Global Innovation Hub of UNFCCC).



Granules India Limited at the Institute of Directors 31st Annual World Congress

In the face of uncertainty, there lies vast potential for innovation and growth. By leveraging green energy and green molecule platforms, we can achieve deep decarbonization across the pharmaceutical industry's supply chain and drive future organizational growth.

Granules India Limited at Indonesia's 59th National Health Day

Climate challenges can serve as a catalyst for innovation in green pharmaceuticals. We can effectively address the global climate crisis by fostering sustainable growth and transitioning to greener practices through technology and innovation.

Dr. Krishna Prasad Chigurupati
CMD, Granules India Limited



Risk Management

Managing Risks with Prudence

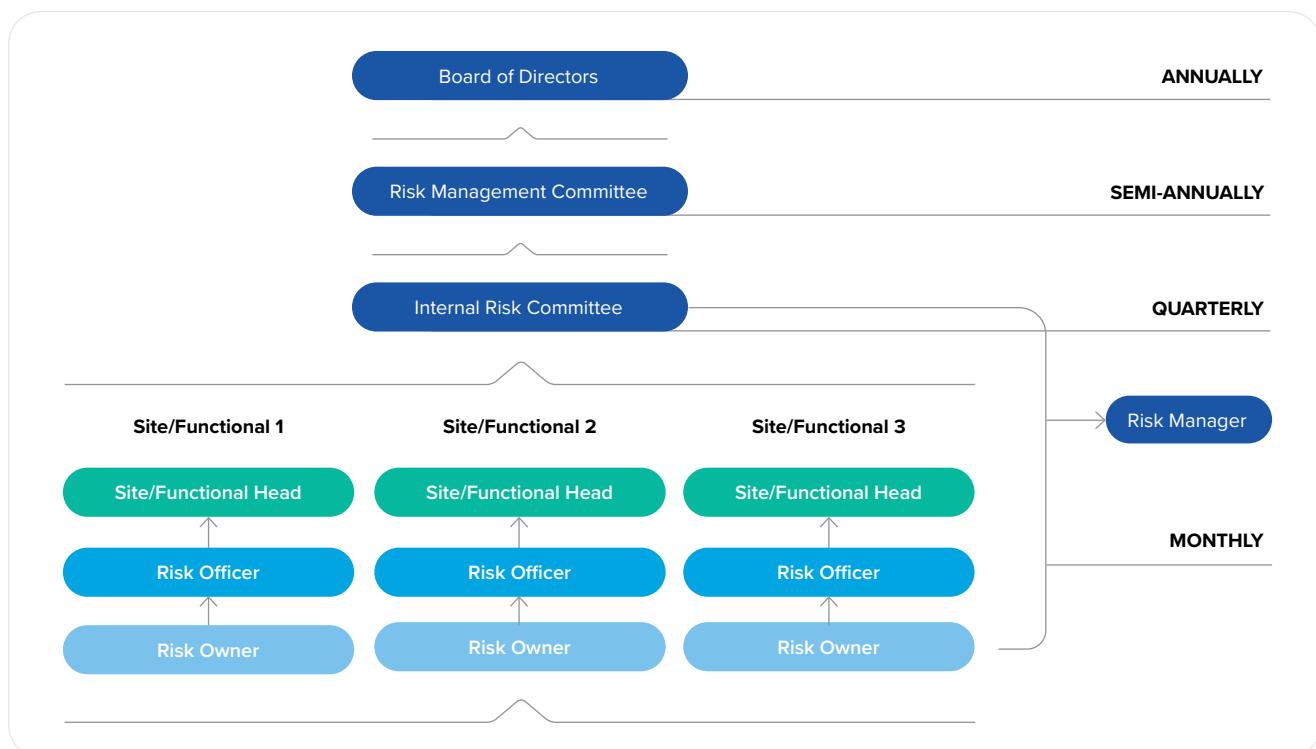
At Granules, we recognize the importance of a robust risk management system that aligns business decisions with identified and emerging risks. Our risk management policy and framework provides a comprehensive view of our risk exposures and facilitates proactive mitigation.

A holistic enterprise risk management (ERM) program facilitates identifying, assessing, and prioritizing enterprise risks across our sites and functions. We have developed risk repositories for each site and function, based on which the enterprise risks are

identified and prioritized for effective and timely risk mitigation. Our ERM program aims to minimize and mitigate potential internal and external risks to achieve strategic objectives and explore opportunities in a risk-informed manner to protect and

enhance value. Risk management is viewed as an integral part of our business. Constituent committees and risk practitioners have roles and responsibilities defined to promote accountability for risk management across the organization.

Risk Governance at Granules





The risk governance structure facilitates a combination of a top-down and bottom-up approach to risk management permeating the organization. The leadership team identifies and assesses long-term and strategic risks, informed by internal and external perspectives, in consideration of business priorities and objectives.

The Risk Management Committee (RMC), a sub-committee of the Board, guides the implementation of the risk management policy, reviews the effectiveness of the risk management system, and evaluates the enterprise risk profile. We update the Board of Directors and take inputs on the risk profile and mitigations for identified enterprise risks.

To ensure a focused and cross-functional approach to risk mitigation, an Internal Risk Committee is set up that meets and deliberates on identified enterprise risks every quarter, in addition to external events and their potential impact on GIL's operations. The Internal Risk Committee (IRC), comprising senior executives and functional heads, undertakes a detailed review of the enterprise risks, whereby response plans and key risk indicators (KRIs) are tracked and reviewed for status evaluation and actions identified in case of breach of KRIs. IRC and RMC also assess and evaluate the impact of internal and external events (e.g., geopolitical developments/ Red Sea Crisis) and the adequacy of associated mitigation plans as part of the risk reviews.

The CFO and the Risk Manager facilitate ERM initiatives across the Company and coordinates with

site and functional heads for key enterprise risks and associated response plans. The CFO and the Risk Manager, supported by the ERM Coordinator, ensures the implementation of the ERM program across the sites and functions and aggregates the enterprise risk register.

Risk officers are nominated for each site and function, to ensure risk ownership is embedded. These officers support risk management activities within their respective sites and functions. Risk officers promote focused discussions on identified risks related to their assigned processes, and periodically assess and monitor the risks and associated response plans.

Risk Management

Risk Management Process at Granules

The risk management framework adopted by Granules aligns with the ISO Standard 31000:2018 Risk Management – Guidelines and COSO 2017, which integrates strategy and performance. We evaluate risks regularly to implement necessary countermeasures on a timely basis. The framework enables the identification of a broad spectrum of risks, including sectoral (industry risks), sustainability, extended enterprise, talent, and cybersecurity risks, and links risk data at different levels through key risk indicators (KRIs), thereby facilitating monitoring and reallocation of resources to mitigate enterprise risks. Based on the International Integrated Reporting Council's (IIRC) six capitals, we have also defined our risk appetite with tolerance limits to assess the impact of risks in achieving our strategic objectives and guiding management decision-making.



Scope, Context and Criteria for Risk Management

Evaluate Granule's business context, i.e., internal and external environment, to assess potential risks and establish risk appetite for measurement.



Risk Identification

Identify a comprehensive list of risks based on events that may impact the achievement of business objectives.



Risk Analysis, Evaluation and Prioritization

Evaluate and assess the potential impact, likelihood, and velocity of the identified risks and prioritize risks based on criticality to identify enterprise risks.



Risk Response

Plan and implement risk response plans and applicable strategies based on risk profile assessment.



Risk Monitoring and Reporting

Monitor risk statuses periodically with the changing external environment and report enterprise risks periodically to evaluate the progress of response plans.

Indicative Enterprise Risks Themes

The enterprise risks are reviewed periodically by the constituent committees within the organization

The following list illustrates the enterprise risks we identified impacting our operations and strategic objectives. Accordingly, we have implemented appropriate response plans:



Compliance to Quality Guidelines and Standards

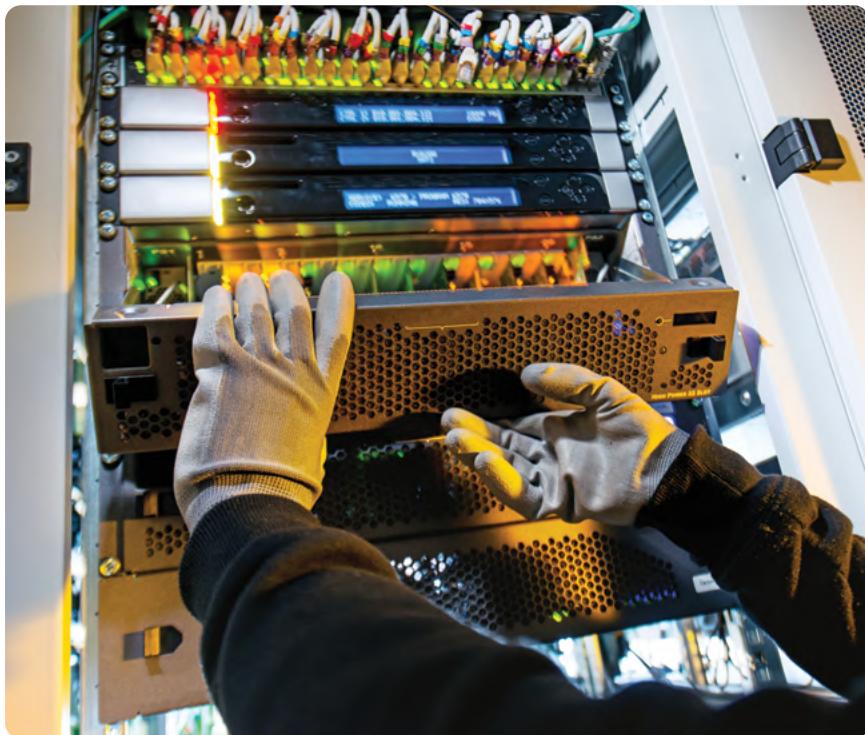
We have exhibited a proven ability to maintain and strengthen regulatory and compliance systems to ensure conformance with mandatory quality standards and efficacy while ensuring all-time audit readiness across the organizational sites. We have directed our response strategy towards strengthening the culture of all-time audit readiness through planned initiatives across our sites.

We are ensuring the implementation of stringent quality review mechanisms and that we roll out suitable corrective and preventive actions for deviations observed thereon. Our emphasis is on enhancing our existing pool of skill competencies for critical quality assurance and control activities, including investigations, through periodic training.

Health and Safety Risks

Occupational safety hazards arise from non-adherence to safety procedures by employees and/or contractual workforce and the need to embed and sustain a safety culture across the organization. Our corporate EHS function and site EHS teams ensure we implement robust EHS management procedures and guidelines. Various projects are underway to strengthen the safety culture, including implementing the 'Safety Performance Index,' which involves training site personnel of site leadership teams and ownership of safety. Additionally, we conduct site-wise safety observation inspections (SOIs) to identify any safety-related deviations and monitor timely actions during lean development meetings (LDMs).

Risk Management



Cyberattacks (Malware, Phishing, and Ransomware), Security Breaches of IT and OT Systems, Data Protection and Privacy Controls

The Company encountered a cyber-attack related to information security on May 24, 2023 (from now on referred to as the 'incident'), affecting some of our IT assets. A ransomware group has claimed responsibility for this incident. The incident significantly affected operations, and it took considerable time to address the regulatory expectations, qualifications, recertifications, and fine-tuning of the quality and production systems. This 'incident' adversely impacted the Company's revenue and profitability for the year ended March 31, 2024. Furthermore, the Company has enhanced security measures to handle the incident and reduce the likelihood of a similar occurrence.

Our response strategy towards mitigating any impact from potential cyber security threats, includes 24*7 IT SOC (Security Operations Center) that monitors all critical servers and crown jewels, micro-segmentation of servers, deployment of strong spam filters, end-point detection and response controls, supplemented by periodic vulnerability and penetration testing, and timely remediation/ closure of potential vulnerabilities identified. Further, users across sites and functions are trained and sensitized periodically on cyber security, data protection and data privacy. Data Lock Point (DLP) has been configured across existing systems, to mitigate the risk of data loss.

Ability to attract, retain and upskill talent

Attract and retain technically skilled workforce to ensure seamless delivery of operations, and achievement of strategic objectives.

Our response strategy is focused on enhancing engagement across all levels of employees within the organization, in addition to facilitating skill upgradation through self-paced learnings and Company-organized workshops developed and aligned with functional and organizational priorities.



Sustainability and ESG Risk

Delays or challenges to meet stakeholders' expectations and achieve publicly declared ESG commitments, can lead to adverse reputational/business impact. Additionally, our business and operations are subject to risks related to climate change resulting in physical and transitional risks.

To mitigate sustainability risks, we have developed a comprehensive Sustainability Governance Mechanism, including a dedicated sustainability committee to oversee ESG matters. We have defined organizational KPIs for both short-term and long-term ESG goals, ensuring alignment across the organization. Our Sustainable Sourcing Framework is being institutionalized to embed sustainability in procurement practices.

Additionally, we have finalized a Net Zero 2050 roadmap, outlining our decarbonization strategies for Scope 1, 2, and 3 emissions. Our CZRO project, aimed at addressing Scope 3 emissions through green molecule platform, commenced pilot-scale operations in March 2024. We have initiated key projects to increase the use of renewable energy, including adopting renewable energy through Power Purchasing Agreements (PPAs), Renewable Energy Credits (RECs), and efficiency improvement measures. We are adopting eco-friendly technologies such as biocatalysis and integrating sustainability into product development through an Eco-scale and green scorecard system, encompassing six categories and 38 parameters.

These initiatives collectively reinforce our commitment to sustainability and our proactive approach to mitigating associated risks.

Our focus and emphasis on risk management as a strategic pillar enables us to **anticipate challenges, adapt swiftly to market dynamics, and innovate continuously.**

Granules is committed to **fostering a risk-intelligent and risk-aware culture** that permeates both our organization and our external relationships.

Through efforts to continuously improve the ERM program, Granules aspires to **set new standards of excellence, driving sustainable growth and long-term success** for our Company and its stakeholders.

Sustainability Vision

Sustainability as an Opportunity to Innovate, Transform, and Lead with Resilience

A background image showing several soap bubbles floating in the air. One large bubble in the foreground reflects a green landscape. Another bubble in the upper right contains two small glowing orange lights.

We developed a comprehensive strategy in FY 23-24 to realize our sustainability vision, setting in motion specific targets and initiatives across three identified pillars:

Environmental stewardship beyond limits

Breaking barriers

Integrity in action

The Board is responsible for overseeing the implementation, reviewing progress, and recommending course corrections where needed.

Sustainability Strategy: Goals and Progress

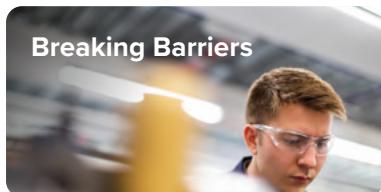
Environmental Stewardship beyond limits



- ▶ Committed to achieving net-zero targets by 2050
- ▶ Submitted SBTi targets aligned to 1.5°C pathway
- ▶ 22% absolute reduction in Scope 1 and 2 emissions
- ▶ 47% of electricity consumption from renewable sources (power purchase agreements, rooftop solar and international renewable energy certificates)

- ▶ Scope-3 inventorization using the highest level of accurate methodology
- ▶ 80% vendors supported and engaged to determine product carbon footprint
- ▶ 40% wastewater recycled
- ▶ 88% of hazardous waste co-processed

Breaking Barriers



- ▶ 1,200+ students trained through Pharma Pathshala
- ▶ 100% of employees trained on the Code of Conduct, which includes human rights issues

- ▶ 31% increase in female employees
- ▶ 10% of new hires are females
- ▶ 25% women members in the Board
- ▶ 100% return-to-work rate

Integrity in Action



- ▶ ESG-linked performance and incentives for CEO and KMP
- ▶ Enterprise risk management framework established
- ▶ Zero confirmed cases of discrimination

- ▶ No significant fines paid towards non-compliance with laws and regulations
- ▶ Zero product recalls

Partnerships, Collaborations and Ratings



Committed and Submitted SBTi
Near term and Net Zero Commitment aligned to 1.5°C for Validation



Committed for UNGC 10 Principles of Human rights, labor, Environment, and anti-corruption



Granules MSCI ESG Ratings



Received "C Score" in Climate Change Disclosure



Received EcoVadis Silver Rating for Granules unit-1 Bonthapally & Received Bronze Rating for Unit-2 Jeedimetla



Granules Gagillapur unit has cleared the C-TPAT (Customs Trade Partnership Against Terrorism) Audit with 84% score

Environment

Responsible Actions for a Sustainable Tomorrow

We strive to balance our operational needs with our commitment to minimizing environmental footprint. To deliver a measurable positive impact across emission reduction, optimal resource use, water and waste management, we have defined time-bound targets and continuously monitor our progress against those goals.

Climate Action and GHG Emission Reduction

We have committed to significantly reducing greenhouse gas emissions as part of our broader climate action strategy. By increasing the renewable energy mix in our electricity consumption and developing an Internal Carbon Pricing (ICP) system by FY 24-25, we aim to achieve substantial progress towards our climate goals.

Our Goals

Short-term Goals

- ▶ Increase the renewable energy mix in electricity consumption
- ▶ Develop an internal carbon pricing (ICP) by FY 24-25
- ▶ Energy intensity reduction by 20% by FY 26-27

Midterm to Long-term Goals

- ▶ Align with SBTi targets for limiting global warming to 1.5°C
 - Achieve net-zero targets by 2050
 - Reduce Scope 1 and 2 absolute emissions by 42% by FY 29-30 from FY 22-23 baseline
 - Reduce Scope 3 absolute emissions by 42% by FY 29-30 from FY 22-23 baseline
- ▶ Work with strategic suppliers to set SBTi emission reduction targets by FY 26-27

Initiatives and Actions

Short-term Goals

- ▶ Initiated the discussions with various partners for power purchase agreements (PPAs) for renewable energy
- ▶ Enhanced the existing rooftop solar system at the Gagillapur unit with an additional 660 KWp, complementing the current 320 KWp rooftop solar system
- ▶ Identified potential energy savings measures and carbon emissions reduction measures (CERMs) and Initiated actions against identified Potential measures

Mid-term to Long-term Goals

- ▶ Established baseline for Scope 1, 2 and 3 GHG emissions
- ▶ Identified Potential Energy Savings measures and carbon emissions reduction measures (CERMs) and initiated actions against identified potential measures
- ▶ Installation of onsite solar system at Gagillapur
- ▶ Prepared a net-zero roadmap
- ▶ Initiated the supplier sustainability program on climate commitments



Water Management

Effective water management is a critical aspect of our environmental strategy. We are committed to reducing water intensity and improving water stewardship across all our operations.

Our Goals

- ▶ Water intensity reduction by 27% by FY 26-27
- ▶ Conduct a water risk assessment and develop a water stewardship plan for all factories in FY 24-25

Initiatives and Actions

We initiated a comprehensive climate and water risk assessment following the TCFD framework, ensuring robust identification and management of environmental risks.

Waste Management

Our waste management strategy focuses on minimizing waste generation, maximizing recycling and reuse, and reducing waste sent to landfills.

Our Goals

Short-term Goals

- ▶ 27% reduction in waste to landfill by FY 26-27
- ▶ Increase co-processing of waste to 95% by FY 26

Mid-term to Long-term Goals

- ▶ Achieve zero waste to landfill by FY 30

Initiatives and Actions

Initiating baselining and benchmarking of waste reduction measures aligned with our commitment.

Climate Risk and Resilience

Understanding and mitigating climate risks is essential for our operations' resilience. We conduct climate risk analyses for all facilities and strategic suppliers to ensure that we are prepared for and adapt to changing climate conditions.

Our Goals

Short-term Goals

- ▶ Conduct a climate risk analysis for all facilities and strategic suppliers by FY 24-25
- ▶ Embrace sustainable packaging

We are committed to reducing the environmental impact of our packaging through the development of a green packaging strategy.

Initiatives and Actions

Initiated the comprehensive climate and water risk assessment for all strategic suppliers following the TCFD framework

Social – People

Nurturing Talent, Shaping the Future

At Granules, we prioritize creating a conducive environment where people thrive through continuous learning, personal growth, and a strong focus on safety. Our dedication to diversity, inclusion, and employee well-being ensures everyone feels valued and empowered.





Learning and Development

- Our training programs focus on leadership development, operational excellence, and specialized vocational trainings. These initiatives aim to upskill employees with practical and industry-relevant knowledge, ensuring they remain at the forefront of innovation and excellence.
- We emphasize mandatory training programs to ensure 100% compliance across all functions by FY 24-25. Additionally, we aim to provide an average of 24 hours of training and development per employee annually, preparing them with skills critical for personal and professional growth.

100%

Employees received training on Code of Conduct which includes health, safety, labor, human rights, and ethics

Promoting a Culture of Continuous Learning

Emphasizing the importance of continuous learning, we have expanded our educational offerings to cover a wider demographic within the organization. From top leadership to aspiring managers across all functions, our programs foster a culture that celebrates curiosity and growth. This year, our focus on environmental, social, and governance (ESG) training has equipped participants with insights into sustainable practices.

46.9%

Employees received training on skill upgradation

Employee Well-being and Engagement

We undertake various initiatives to promote positivity, wellness, and community among our workforce and their families. Our annual Family Fest exemplifies our commitment to fostering strong relationships and a supportive work environment, enriching employees' lives beyond work. This year's theme for Family Fest is, "Granules Cares- People & Planet", reflects our unwavering commitment to our employees, customers, and planet. In FY 23-24, we launched a comprehensive mental health program that provides access to psychological counselling to enhance mental resilience and overall health.

100%

Employees were paid more than the minimum wage

Social – People

Employee Health and Safety

At Granules, safety is paramount. We are committed to achieving zero workplace fatalities by FY 25 through rigorous monitoring of safety lead indicators and continuous improvement initiatives. Our goal includes a targeted 10% year-on-year reduction in the lost time injury frequency rate (LTIFR), reflecting our dedication to fostering a safety-first culture and ensuring a secure workplace environment.



"Employee health and safety is always the top priority of the company. While we revitalize our systems and processes to be contemporary, lead measures guide us where to improve"

ATUL DHAVLE
CHRO



Access, Diversity, and Inclusion

Granules is committed to creating an inclusive workplace where everyone can thrive. We are enhancing accessibility across all our plants to ensure they are fully accessible for physically challenged individuals. Furthermore, our policies prioritize equal opportunities in recruitment, selection, and promotion, fostering a diverse workforce that reflects our commitment to fairness and equality.

11.7%

Female employees (including contract work employees)

Empowering Women through Mentorship and Inclusion

Building on our dedication to gender equality, we have strengthened initiatives like the Granules Women Mentorship Program (WoW). This transformative program empowers women through personalized coaching, fostering high-performance

mindsets and leadership skills. Additionally, our International Women's Day celebrations underscore our ongoing efforts to create an inclusive workplace where diversity thrives, and achievements are recognized and celebrated.



"More than just at a leadership level, it's extremely important to drive inclusivity from the seed level so there is a huge selection of women who have equal opportunity to rise to the top."

PRIYANKA CHIGURUPATI
Executive Director



Social – Communities

Impacting Lives for a Better Society

We are committed to shaping a better society through impactful healthcare, education, and community development initiatives. From empowering rural youth, supporting critical healthcare services, promoting education, and fostering sports excellence, our efforts aim to uplift communities and contribute to a brighter future.

Community Impact, Relations and Development

We conduct regular impact assessments to ensure our programs effectively benefit communities, aiming to increase the number of lives impacted by 50%.

By FY 29-30, we aim to reach

1 million lives

through our CSR programs,
fostering sustainable development
and positive societal change.



Skilling post-secondary students through Granules Pharma Pathshala

Since 2017, Granules Pharma Pathshala, in collaboration with Swarna Bharath Trust, has empowered rural youth by offering comprehensive skills training tailored to the pharmaceutical industry. This initiative targets post-secondary (10+2) students from disadvantaged backgrounds, combining theoretical education with practical experience in manufacturing, regulatory standards, quality control and soft skills development.



1,200+

Participants trained and provided employment at Granules Pharma Pathshala since inception



Offering affordable dialysis services through the Dr. Chigurupati Nageswara Rao Rotary Dialysis Centre

Acknowledging the critical need for accessible healthcare, Granules India Limited funded 'Helping Hands of Rotary' to establish affordable dialysis services in collaboration with St. Joseph's General Hospital. This initiative expands our healthcare CSR efforts, focusing on economically disadvantaged individuals. The funding facilitated the procurement of essential dialysis equipment, establishing the Dr. Chigurupati Nageswara Rao Rotary Dialysis Centre.

284

Economically disadvantaged patients have availed of this service so far

Ensuring a Brighter Future for Children Battling Cancer

In a heartfelt effort to support families navigating childhood cancer challenges, Granules India Limited partnered with St. Jude India Childcare Center in Vishakhapatnam. This initiative focuses on providing a safe, hygienic, and supportive environment for children undergoing cancer treatment and their families. Services include free accommodation, nutritional meals, transportation to treatment facilities, and holistic support through educational and recreational activities.

Partnering with Hrudaya - Cure a Little Heart Foundation

Granules India Limited collaborates with Hrudaya - Cure a Little Heart Foundation to provide life-saving heart surgeries for underprivileged children. This initiative aims to bridge healthcare gaps and ensure that every child can access critical medical interventions.

Social – Communities

Undertaking an Eye Screening Initiative in Government Schools

In collaboration with LV Prasad Eye Institute (LVPEI), we launched an eye screening initiative to safeguard the eye health of schoolchildren near our manufacturing units. This proactive program targets seven schools and focuses on early detection and intervention for vision impairments. Comprehensive screenings identify students with vision issues, providing necessary spectacles and support to enhance learning and daily life.



1,500+

Students, including 715 boys and 792 girls, benefited from the eye screening program

Bringing Healthcare to Doorsteps

Granules India Limited, in partnership with the Sarvejana Foundation, organized a free multispecialty health camp in Church Gagillapur village. This initiative provided essential healthcare services, including consultations and surgeries, benefiting the local community.



Supported Egra Agriculture and Rural Development Society to its Initiative "Talent Hunt Program"

Granules India has expanded its CSR efforts by supporting the "Talent Hunt Program" initiated by Egra Agriculture and Rural Development Society in West Bengal. This program focuses on underprivileged tribal students, providing them with opportunities for sports training. By backing this initiative, Granules India aims to promote personal growth and development among these students through sports, fostering discipline, teamwork, and self-confidence. The program emphasizes physical fitness and overall well-being, contributing to social inclusion and a more equitable society.





Our Commitment to Sustainability and Skilling at C4IR Telangana

Establishing the World Economic Forum Center for the Fourth Industrial Revolution - (C4IR)

Granules India Limited played a pivotal role as a founding member and anchor partner in the Telangana Life Sciences Forum under the World Economic Forum's C4IR initiative. This forum fosters innovation and collaboration in healthcare and life sciences sectors.

This partnership aims to leverage technology to advance healthcare and life sciences on a globally. Granules India Limited envisions C4IR Telangana as a catalyst for transformative change, setting benchmarks for responsible and inclusive growth in these critical sectors.

Prioritizing Sustainability in Healthcare Innovation

A key focus of Granules' involvement is prioritizing sustainability in healthcare innovation. The healthcare sector has a significant environmental footprint, including resource-intensive medical procedures and the production and disposal of pharmaceuticals and medical devices. GIL advocates for integrating sustainable practices within the healthcare industry to address the urgent challenge of climate change by promoting environmentally friendly innovations and practices, we aim to reduce the sector's carbon footprint and contribute to global efforts to mitigate climate change.

Empowering Women through Skill Development

In addition to sustainability, Granules emphasizes the importance of skill development, especially for women, within the healthcare industry. Empowering women through targeted training and development programs is essential for increasing participation and ensuring gender equity. By providing women with the necessary skills, C4IR Telangana can play a pivotal role in empowering them to take on diverse roles within the industry, thereby enhancing their contribution to the sector's growth and innovation.

Social – Communities



Promoting Education

At Granules India Limited, we promote education through various initiatives to support underprivileged students and enhance educational outcomes.

Supporting Vidya Volunteers

We supported Vidya Volunteers at ZPHS Bonthapally and MPPS SR Nayak Nagar to improve educational outcomes. These volunteers enhance classroom engagement and academic performance.

600+

Students benefited with personalized learning experiences

Donating Education Kits

Our education kit donation drive supports underprivileged students in government schools by providing comprehensive education kits to enhance learning opportunities and academic success.

560

Students received education kits

Establishing the Granules Education Centre at Bonthapally

Established in collaboration with PSS Trust, the Granules Education Centre at Bonthapally provides educational support to government school children. This initiative focuses on improving academic resources and educational outcomes in the community.

Supporting Sports and Culture

We actively support sports and cultural development through initiatives that enhance infrastructure and promote community engagement.

Sponsorship for Telangana State Championships 2023

In collaboration with Heartfulness Education Trust, we proudly sponsored the Telangana State Championships 2023, celebrating athletic prowess and promoting sportsmanship across various disciplines. With this sponsorship, we supported young athletes by providing competitive platforms and, fostering discipline, teamwork, and resilience through sports participation.

Organizing Granules Green Kanha Run – A Leap towards Health and Ecology

We partnered with the Heartfulness Institute to organize the Granules Green Kanha Run, promoting health and environmental sustainability. This event engages participants in physical fitness activities while fostering environmental consciousness.

3,500+

Participants engaged physically and 12,000 virtually, promoting health and ecological awareness



Distribution of Clay Ganesha Idols:

Promoting Eco-Friendly Practices In a novel approach to environmental conservation

Granules collaborated with the Telangana State Pollution Control Board (TSPCB) for the distribution of 4,000 clay Ganesha idols. This initiative, centered around the Vinayaka Chaturthi festival, aimed to encourage the adoption of eco-friendly practices and minimize the ecological footprint. By promoting the traditional use of biodegradable materials for idol making, this initiative sought to address the environmental concerns associated with the immersion of nonbiodegradable idols in water bodies.



Governance

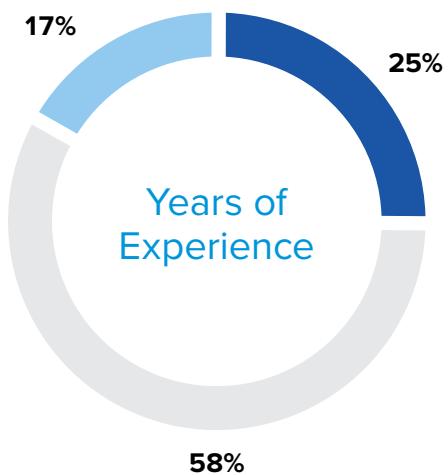
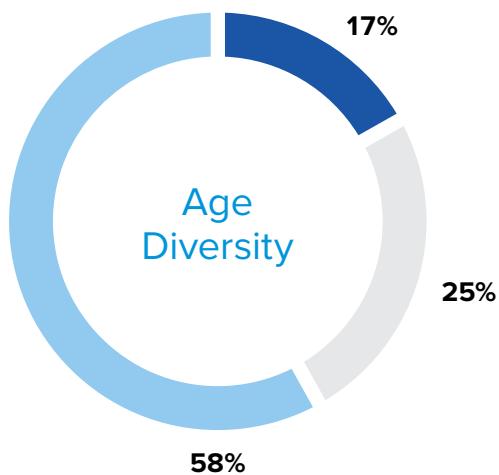
Effective Leadership and Ethical Governance

At Granules, we seek to foster a robust system of governance founded on the principles of integrity, transparency, and accountability. Our Board and senior management ensure that our governance framework aligns with our core values and principles.

Board Oversight and Leadership

Our Board of Directors is pivotal in overseeing and guiding our governance practices. Comprising experienced professionals from diverse backgrounds, the Board sets the strategic direction and monitors compliance with regulatory requirements and ethical standards. Their leadership ensures that Granules operates with the highest integrity and ethical conduct.

Board Composition



● <45 years
● 45-60 years

● >60 years

● <20 years
● 20-40 years

● >40 years

Competency Matrix



Granules at the Institute of Directors 31st annual world congress on Leadership for Innovation and Business Excellence

Granules at the Institute of Directors 31st annual world congress on Leadership for Innovation and Business Excellence Dr Krishna Prasad Chigurupati, CMD, Granules India delivered a keynote address at the Institute of Directors 31st annual world congress on Leadership for Innovation and Business Excellence held at Abu Dhabi, UAE. Focusing on the central theme of the meeting "Building

a Future-Ready Business Amid Uncertainty." Dr Chigurupati underscored the vast potential for innovation and growth within the realm of uncertainty and delved into crucial topics such as climate change and sustainability.

Furthermore, he articulated his pioneering vision for achieving deep decarbonization across the pharmaceutical industry's supply chain by leveraging green energy and green molecule platforms to drive future organizational growth.

Board of Directors



DR. KRISHNA PRASAD CHIGURUPATI CHAIRMAN AND MANAGING DIRECTOR

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

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

Dr. Prasad, with his passion for innovation undertook research in process chemistry and filed 33 patents, out of which 5 patents were granted so far. He has also set up facilities across the globe, including in China and the US. He was awarded an Honorary Doctor of Science by GITAM Deemed University for his exemplary contribution to science and society.

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

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

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



DR. K.V.S. RAM RAO JOINT MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

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

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

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

**MRS. UMA DEVI CHIGURUPATI
EXECUTIVE DIRECTOR**

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

She has been the Chairperson of FICCI FLO Hyderabad. During her tenure, she has taken up many initiatives to empower women at both grassroots and white-collar levels. She is also the Director of KRSMA Estates Private Limited, one of India's premier boutique wineries. Under her tenure, she has established the vineyard in the Hampi Hills of Karnataka and has been vital to the ongoing operations at the site.

**MR. HARSHA CHIGURUPATI
EXECUTIVE DIRECTOR**

Mr. Harsha Chigurupati holds a bachelor's degree of science in Business Administration from Boston University, USA. He has over 18 years of entrepreneurial experience in marketing, product development, customer relationship management, cleanroom manufacturing, and automation. He also has in-depth knowledge and experience in various fields of research and development, clinical trials, regulatory and legal framework navigation, patents, and peer-reviewed journal publications.

Mr. Chigurupati has been with Granules since 2005 in various capacities. He was instrumental in commercializing the Company's Finished Dosage division and transitioning the Company's customer base towards branded players. As an Executive Director, he is responsible for the standalone Operations and P&L of the Company.

**MS. PRIYANKA CHIGURUPATI
EXECUTIVE DIRECTOR**

Ms. Priyanka Chigurupati, Executive Director, Granules India Limited is responsible for Global Sales & Marketing & Portfolio among other roles in the company. She has been with Granules for over 13 years and has served in various capacities across multiple divisions, including Sales & Marketing, Portfolio, Strategy & Investor Relations. She served as Executive Director of Granules USA, Inc. & Granules

Pharmaceuticals, Inc. from 2017-2024 where she was responsible for the growth of the US business of the Company.

Priyanka holds a Bachelor of Science in Business Management from Case Western Reserve University in Cleveland, Ohio, and has an Executive Leadership degree from Harvard Business School, Boston, Massachusetts.

Governance



MR. K. B. SANKAR RAO

NON-EXECUTIVE, NON-INDEPENDENT DIRECTOR

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

He led large teams in manufacturing while institutionalizing systems and processes to drive efficiency. He was

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



MR. ARUN SAWHNEY

INDEPENDENT DIRECTOR

Mr. Arun Sawhney holds a bachelor's degree in commerce from the University of Mumbai and Post Graduate Diploma in Management from IMI, New Delhi. Mr. Sawhney brings four decades of rich experience in the Chemical & Pharmaceutical industry while working with Companies like Ranbaxy, Dr. Reddy's, and Max-Gb Limited.

Mr. Sawhney possesses deep expertise in the areas of corporate strategy, business development, sales & marketing and new product planning to commercialization. In his last assignment as CEO and Managing

Director of Ranbaxy, Mr. Sawhney successfully led one of the largest mergers in Indian corporate history.

Mr. Sawhney was also a founder member of the Indian Pharmaceutical Export Promotion Council (Pharmexcil) and was Chairman of the Pharmaceutical Committee of the Confederation of Indian Industries (CII) from 2012-2014. Mr. Sawhney is currently engaged with leading companies in an advisory capacity and a visiting faculty at IIM-Lucknow for subjects of leadership and organizational behavior.

**DR. SAUMEN CHAKRABORTY**
INDEPENDENT DIRECTOR

Dr. Saumen Chakraborty is a Graduate Physics from Visva-Bharati University-Santiniketan, a Postgraduate in Management from the Indian Institute of Management (IIM)- Ahmedabad and an Executive Fellow in Management from the Indian School of Business (ISB)- Hyderabad. He possesses over 39 years of rich experience in Corporate Finance, Human Resources, IT& BPE, Manufacturing Operations and Quality functions while working with Dr. Reddy's, Tecumseh, Eicher, C-DoT and CMC.

He had played a significant role in the evolution of Dr. Reddy's as a global pharmaceutical company while handling various CXOs roles over 20 years. As a Global CFO at Dr. Reddy's, he built robust financial systems and strong corporate governance thereby enhancing

shareholders' value. Dr. Saumen as Global Chief of HR, built contemporary HR processes and systems to make Dr. Reddy's a Great Place to Work. He established the Business Process Excellence function and led TOC implementation in Dr. Reddy's.

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

**MRS. SUCHARITA RAO PALEPU**
INDEPENDENT DIRECTOR

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

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

Sucharita has shaped HR Strategy, Talent Management, Learning & Development, Global Reward programs, and Diversity initiatives throughout her career. She has led numerous transformation programs and large-scale initiatives that garnered recognition across various platforms. Sucharita is also a certified coach and is active in several NGOs. Her contributions to HR were honored with the Exemplary Woman in Leadership Award (APAC) at the HR Branding Awards 2015-16.

Governance



MR. KAPIL KUMAR MEHAN
INDEPENDENT DIRECTOR

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

He has experience in multiple industry verticals such as Fertilizers, Crop Protection Products, Seeds, Agri Input retail, Fresh Produce Supply Chain, Industrial Chemicals, Consumer Products and Cement. Prior to the current advisory role, he has served as the Group Chief Executive Officer-Agribusiness of Adventz Group; Managing Director of Coromandel International Limited in the Fertilizer industry and as an Executive Director in Tata Chemicals Limited. Some of his key initiatives/activities include acquisitions, mergers

and post-merger integration, business transformational interventions, new business development / inorganic growth, brownfield expansions with direct involvement in EPC / EPCM, technology contracts, overseas and local strategic sourcing tie-ups.

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

**DR. SETHURATHNAM RAVI**

INDEPENDENT DIRECTOR

Dr. Sethurathnam Ravi has a doctorate in finance and is a practicing Chartered Accountant, having over 34 years of experience. He holds a diploma in Information System Audit (DISA) and is an Associate Member of the Association of Certified Fraud Examiners (CFE), USA. He is also registered as an insolvency resolution professional. He is the Founder of Ravi Rajan & Co. LLP, a chartered accountancy firm specializing in forensic and insolvency, finance and management, turnaround strategies, business valuations, brand and share valuation, assurance, audit and taxation.

Dr. Ravi is Chairman of Tourism Finance Corporation of India Limited and Spacenet Enterprises India Limited. He also serves on the boards of Aditya Birla Health

Insurance Company Limited, Aditya Birla ARC Limited, 360 One Asset Management Limited, PCBL Limited, Usha Martin Limited, BillMart Fintech Limited, etc. He has served as the Chairman and Director of BSE Ltd. and Chairman and Director of UTI Trustee Company Private Limited. Dr. Ravi was a member of SEBI's Takeover Panel as well as its Mutual Fund Advisory Committee. He was also a Member of the Working Group Formed by the Reserve Bank of India to prepare the Draft Government Securities Regulations within the Framework of the Government Securities Bill 2004. In his long career, Dr. Ravi has served on the Boards of over 45 companies, across various sectors.

**MR. RAJIV PRITIDAS KAKODKAR**

INDEPENDENT DIRECTOR

Mr. Rajiv Pritidas Kakodkar has over 40 years of experience in the Indian pharmaceutical industry. He holds a Bachelor of Pharmacy degree from the University of Mumbai, and an MBA from the Stuart School of Business - Illinois Institute of Technology, USA. Mr. Kakodkar's areas of expertise include global sourcing, indenting, trading and distribution of pharmaceutical ingredients. In 1983, he founded Daiwat Chemicals, initially serving as a French multinational's exclusive representative and indent sales agent. Over the decades, he has been involved in the sourcing of drug substances

from India on behalf of multiple innovators and generic pharmaceutical companies, as well as worldwide distributors of APIs.

Through this long association with the industry, he has had a first-hand view of its evolution from technocrat-driven single-product factories to world-class, multi-workshop facilities with all the requisite regulatory approvals. He owns and operates businesses in India and Singapore. He has also served as an Independent Director on the Board of Directors of Indoco Remedies Limited and Vasundhara Rasayans Limited.

Management Team



DR. KRISHNA PRASAD CHIGURUPATI
CHAIRMAN AND
MANAGING DIRECTOR

Read Dr. Krishna Prasad Chigurupati's bio on Page 50



DR. K.V.S. RAM RAO
JOINT MANAGING DIRECTOR
& CHIEF EXECUTIVE OFFICER

Read Dr. K.V.S. Ram Rao bio on Page 50



MR. HARSHA CHIGURUPATI
EXECUTIVE DIRECTOR

Read Mr. Harsha Chigurupati's bio on Page 51



MRS. UMA DEVI CHIGURUPATI
EXECUTIVE DIRECTOR

Read Mrs. Uma Devi Chigurupati's bio on Page 51



MS. PRIYANKA CHIGURUPATI
EXECUTIVE DIRECTOR

Read Ms. Priyanka Chigurupati's bio on Page 51

**MR. MUKESH SURANA**
CHIEF FINANCIAL OFFICER

Mukesh is a Chartered Accountant by qualification and a seasoned finance professional with over two decades of global experience. He has rich experience in the areas of finance, taxation, transformation, risk management, projects management, mergers and acquisitions, investor relations, legal, secretarial, commercial,

procurement, and IT. In the past he has worked with reputed organizations including Garware Technical Fibers, Kalpataru Power Transmission, Asian Paints and SRF. He is recognized as top CFO by various bodies including Business World, CEO Insights, White Page International, StartupLanes and CFO India.

**MR. ATUL DHAVLE**
CHIEF HUMAN RESOURCES OFFICER

Mr. Atul Dhavle is a strategist with exceptional execution skills. He possesses over 30 years of versatile experience in organization design & change, talent management, building high-performance teams, organization effectiveness and lean management. He has led the organization-wide HR and business transformation

initiatives in manufacturing, product development, sales & marketing, creating significant business impact while working in companies like Bharat Forge, Granules, Dr. Reddy's, Welspun, DuPont and Mahindra. He is a production engineer from Nagpur University and holds a PGCBM from XLRI.

**DR. P.V. SRINIVAS**
CHIEF TECHNOLOGY OFFICER

Dr. Srinivas holds a distinguished Ph.D. in Organic Chemistry from Osmania University and a Post-Doctoral degree from the University of Mississippi, USA. He comes with over 30 years of experience in R&D and Portfolio selection, synthetic chemistry, fermentation technology, and downstream processing. He was responsible for developing various projects, scaling

them, and commercializing them. He has expertise in generic API development and end-to-end execution of projects from conceptualization to commercialization. Dr. Srinivas has filled more than 100 patents and has 53 paper publications. He is a fellow of the Royal Society of Chemistry. He has worked with organizations including PI Industries, IICT, Biocon, and Cipla in his earlier assignments.

Governance



MR. SANJAY KUMAR

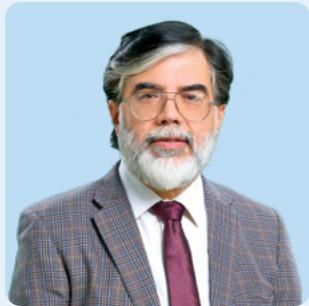
PRESIDENT & CHIEF STRATEGY & SUSTAINABILITY OFFICER

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

With over 20 years of experience, Sanjay specializes in Corporate and Business Strategy, Identifying growth opportunities, Investor Relations, Budgeting & Planning, Financial Modelling, Developing Business Case and Valuation. He has worked

closely with senior leadership teams in various Organizations to enable decision-making and execution of key programs.

At Granules India Limited, Sanjay leads Corporate Strategy and Sustainability, and is responsible for Identifying growth levers and new business opportunities, Building organization capabilities for a future ready organization, and Strategic Planning. He was earlier associated with organizations such as Viatris (formerly Mylan), Granules India, Wanbury, and Indian Engineering Services.



MR. ANIL ARORA

PRESIDENT – FORMULATION OPERATIONS

Mr. Arora has a Bachelor's in Pharmacy and a Post Graduation Diploma in Material Management. He is a qualified auditor for Lean Manufacturing & Six Sigma.

He comes with over 32 years of pharma experience and had been instrumental in providing innovative solutions that deliver great results in productivity, quality, efficiency and safety. He is a transformational leader and has been

part of multiple projects that helped the organization achieve orbital change in the manufacturing zone. His strategic insights have inspired young talent to think differently and achieve unrealistic targets.

Before joining us, he worked with leading pharma organizations, including Dr. Reddy's Laboratories, Dabur, Alkem, Abbott, Zydus Lifesciences, to name a few.



MR. MANIKANDAN RAMALINGAM

SENIOR VICE PRESIDENT & HEAD FORMULATION R&D

Mr. Ramalingam is a pharmaceutical technologist with 25 years of experience and holds M. Pharma Tech from NIPER (Mohali) and a Master black belt in Six Sigma. In his long career, he had provided technical, strategic, and functional leadership in uniquely challenging positions in pharmaceutical research. Mr. Ramalingam had worked at Sun Pharma and Dr. Reddy's before joining Granules India Limited. He served as functional head of product development research and subject matter expert for formulation at Dr. Reddy's. He has

expertise in API assessment for FD design and API-FD integration, pre-formulation, and formulation design (different types of dosage forms), biopharmaceutics and pharmacokinetics, new technology adoption and product scale up and manufacturing. He has expertise in leading cross-functional research team, change management, training and team building, regulatory risk management, product selection assessment, and contract research management, thereby ensuring successful transition of products from ideation to market.

**MR. G. N. PRASHANTH**

SENIOR VICE PRESIDENT & HEAD CORPORATE QUALITY

Mr. G. N. Prashanth is a postgraduate in pharmacy from Bangalore University and holds a graduate certification from IIM-B. He has over 30 years of experience and has worked in companies, including Cipla, Astra Zeneca, Orchid Chemicals and Pharmaceuticals, Neopharma,

Kemwell, Microlabs, and Strides. He has experience in various functions like quality control, analytical development, quality assurance, regulatory affairs, and project management. He joined us in October 2019.

**MR. SETHU MADHAVAN SANKARAN**

SENIOR VICE PRESIDENT – API MANUFACTURING & OPERATIONS

Mr. Sethu Madhavan is a postgraduate in chemical engineering from ICT Mumbai and an executive MBA from MDI Gurgaon. He comes with over 27 years of experience in API manufacturing across biologics and small molecules and has worked with organizations like Biocon, Teva

API, Ranbaxy, Dr. Reddy's and Herdillia Chemicals. He has handled various functions like R&D, operations, technical services and technology transfer, and operational excellence in the pharmaceutical industry. He joined us in March 2024 and will head API manufacturing operations.

Awards and Recognitions

Celebrating Excellence

We take pride in the prestigious awards and recognitions that Granules India Limited has received over the past year. These accolades honor our relentless pursuit of quality and innovation and highlight our commitment to sustainability, employee engagement, and future readiness.



BW Healthcare World 40 Under 40 Young Achievers 2023 Initiated by Businessworld

This recognition highlights the accomplishments of our young leaders and their significant contributions to the healthcare sector.

Excellence in QMS Integration Award & Quality Culture Transformation (Plant) Award

Granules India Limited (Gagillapur) received these prestigious awards for their innovative enhancements to the batch release system, which reduced errors and cycle times since 2017. The introduction of bilingual documentation and comprehensive training sessions significantly boosted employee engagement and process efficiency, showcasing our commitment to safety and quality.



The Repharma Awards for Excellence in Contribution Towards Sustainability Initiative of ET Pharma and ET Healthworld

Granules India Limited was honored with the Economic Times Pharma Award for Excellence in Contribution Towards Sustainability. This accolade, presented by Dr. Rajeev Singh Raghuvanshi, Drugs Controller General, India (DCGI), and Mr. Sudarshan Jain, Secretary General, Indian Pharmaceutical Alliance, celebrates our efforts in sustainable manufacturing practices.



IGBC Green Crusader Award for registering their project Granules Life Sciences Initiated by the Indian Green Building Council, Confederation of Indian Industry (CII)

Granules India Limited was recognized by IGBC as a Green Factory Buildings Crusader of Sustainability for our green building project efforts. This award acknowledges our dedication to green initiatives through Sustainable Development Goals and our work towards a green future.

**FDD Leadership Award
2023 - Formulation
Development and Drug
Delivery Organized by
Express Pharma and the
Indian Express Pvt. Ltd.**



Granules India Limited has been honored with the prestigious Gold Award for Energy Conservation 2023 in the Large Scale Industries category by Telangana State Renewable Energy Development Corporation (TSREDCO)

**Future Ready Organization
Award An initiative by
Economic Times**

Granules India Limited was honored with the prestigious Economic Times Future Ready Organization Award, a testament to our commitment to innovation and preparedness for the future.



Business Responsibility and Sustainability Report





Granules BRSR - Executive Summary

Granules is committed to responsible business practices and sustainable growth, with a purpose of healing lives responsibly through pioneering green science. Our Business Responsibility and Sustainability Report outlines our dedication to environmental stewardship, social responsibility, and robust governance, highlighting our achievements and future goals.

Our Business Responsibility & Sustainability Report demonstrates our commitment to the nine principles of the National Guidelines on Responsible Business Conduct ("NGRBC") as well

as our progress against the stated objectives across environmental, social and governance ("ESG") parameters.

The BRSR disclosures are in terms of Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and consists of three sections:

- ▶ Section A provides a broad overview of the business, its offerings, business and operations footprint, employees, related parties, Corporate Social Responsibility (CSR) and transparency

- ▶ Section B covers management and process disclosures related to the businesses aimed at demonstrating the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements
- ▶ Section C provides essential and leadership indicator-wise disclosures mapped to the nine principles of NGRBC

For FY 23-24 The British Standards Institution (BSI) – an independent third party has verified and assured the data disclosed in this Report.



Key Highlights FY 23-24

Principle 1		<ul style="list-style-type: none"> Our R&D expenditure to reduce the environmental impacts of the products increased by 45% in the reporting year Registered with the Central Pollution Control Board (CPCB) under EPR guidelines
<p>We are committed to conducting business with integrity and ensuring our practices uphold high ethical standards by adhering to laws and considering social and environmental impacts.</p>		<ul style="list-style-type: none"> 100% of our employees are trained on our Code of Conduct 100% of Key suppliers are assessed during onboarding and regularly in defined intervals on ethical business conduct as part of the Vendor management procedure 100% of plants and offices are assessed through SMETA (Sedex Members Ethical Trade) Audits/ Pharmaceutical Supply Chain Initiative (PSCI)/ Customer and Regulatory Audits We continuously engage with our value chain partners to ensure high ethical standards across our value chain
Principle 2		<p>We respect and promote the health and well-being of all our employees, including those across our value chain</p> <ul style="list-style-type: none"> 100% of our employees and workers were given training on safety work practices 100% Return -to- Work rate External Assessments on Fire and Electrical safety for all units done by third party 51 hazard identification and risk assessment studies conducted across operations in partnership with International Safety Systems Qualitative Risk Assessment on Industrial Hygiene done at Gagillapur All Manufacturing facilities certified for ISO 45001 (Health and Safety Management System)
<p>We are committed to conducting business with integrity and ensuring our practices uphold high ethical standards by adhering to laws and considering social and environmental impacts.</p>		<p>Principle 4</p> <p>We respect and uphold the interests of all our stakeholders and engage with them frequently</p> <ul style="list-style-type: none"> As a global pharmaceutical company with a diverse set of stakeholders spread across geographies, we consistently engage with our stakeholders to explore opportunities for collaboration to enhance our core capabilities and create shared value
		<ul style="list-style-type: none"> We engaged and supported the suppliers to enable the determination of the carbon footprint of products Several internal stakeholder engagements were undertaken to develop a sustainability strategy and internal KRAs on sustainability Customer engagement through channels like Pharmaceutical Supply Chain Initiative (PSCI) audit
<p>Principle 5</p> <p>We uphold the principles of dignity, freedom, and fairness in the workplace, ensuring every employee is respected and valued. We are committed to creating an inclusive environment where all team members can work without discrimination or bias.</p>		<ul style="list-style-type: none"> Committed to the principles of the United Nations Global Compact (UNG) Is to align our business operations and strategies with these universally recognized principles, which encompass human rights, labor, environment, and anti-corruption 100% of employees trained on the Code of Conduct, which includes human rights issues. 100% of employees were paid more than minimum wage Over 90% of our value chain partners were assessed for selected Human Rights issues. All our employees are trained on whistle-blower mechanisms to facilitate informed and open discussion and reporting of issues The median annual remuneration of employees at Granules is over six lakhs.



Principle 6



To promote a healthier planet, we are dedicated to minimizing our environmental impact by implementing sustainable practices, such as reducing waste, conserving resources, and lowering emissions.

- Committed to SBTi to develop science-based emissions reduction targets in line with the 1.5°C pathway
- Committed to achieving Net Zero by 2050
- 22% of our Scope 1+2 Absolute Emission reduction
- 47 % of Electricity consumption is from Renewable Energy sources (PPA , Roof Top solar, and I-RECs)
- Scope-3 Inventory using the highest level of accurate methodology
- 39% of wastewater generated is recycled
- 88% of our hazardous waste is sent for Co-Processing

Principle 7



We are committed to engaging transparently in shaping public and regulatory policies, ensuring our contributions are clear and accountable.

- Developing a public advocacy policy at Granules for policy advocacy engagements
- Founding Member of Center for Fourth Industrial Revolution (C4IR)- World Economic Forum
- Addressed COP28 (UN Climate Change Global Innovation Hub) in UAE on Decarbonizing the Pharmaceutical Industry

- Addressed in IOD UAE Global Convention 2024 on Board strategy for a Future Ready Business in an Uncertain World
- As active members of the Bulk Drug Manufacturer Association of India (BDMAI), we represent the pharmaceutical industry and engage in meaningful dialogue with other members, peers, and government bodies
- Member of the Confederation of Indian Industry (CII)

Principle 8



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

- 90% of our CSR spend – to upskill and improve community health – benefits vulnerable and marginalized communities
- We work closely with NGOs, local communities, and government agencies to create sustainable solutions and drive positive change.
- Granules India extended its CSR initiatives to the field of healthcare, particularly focusing on eye care, through a partnership with the Hyderabad Eye Research Foundation, part of the renowned L V Prasad Eye Institute (LVPEI)
- In collaboration with St. Joseph's General Hospital, Granules India has funded the establishment of Dr. Chigurupati Nageswararao Rotary Dialysis Centre. So far, 284 needy patients have used this service

- Two overhead water tanks, with capacities of 150 KL and 100 KL, have been constructed to address the drinking water needs of Bonthapally and Veerannagudem villages
- Granules has provided valuable support by appointing five dedicated Vidya Volunteers. These volunteers are crucial in assisting the teaching staff, enhancing the learning environment, and contributing to the student's academic growth

Principle 9



At Granules, we prioritize engaging with our consumers responsibly, ensuring we provide exceptional value through quality practices.

- Zero product recalls in the reporting year
- We have conducted risk assessments for data security and privacy and included them in our Enterprise Risk Management

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L24110TG1991PLC012471
2.	Name of the Listed Entity	Granules India Limited
3.	Year of Incorporation	1991
4.	Registered office address	2 nd Floor, Block III, My Home Hub, Madhapur, Hyderabad – 500081
5.	Corporate office address	2 nd Floor, Block III, My Home Hub, Madhapur, Hyderabad – 500081
6.	E-mail	investorrelations@granulesindia.com
7.	Telephone	040-69043500
8.	Website	https://granulesindia.com/
9.	Financial year for which reporting is being done	2023-24
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited (NSE)
11.	Paid-up capital	₹ 242.36 (in million)
12.	Name and contact details of the person who may be contacted in case of any queries on the BRSR report	Ms. Chaitanya Tummala, Company Secretary, Phone No: 040-69043500, investorrelations@granulesindia.com
13.	Reporting Boundary	The disclosures made in this Report are on a standalone basis for Granules India Limited
14.	Name of assurance provider	British Standards Institution (BSI)
15.	Type of assurance obtained	Limited Assurance

II. Products/services

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

Sl. No.	Description of Main activity	Description of Business Activity	% of Turnover of the entity
1.	Pharmaceuticals	Development, manufacturing and sale of Active Pharmaceutical Ingredients (API), Pharmaceutical Formulation Intermediates (PFI) and Finished Dosages (FD)	100%

17. Products/services sold by the entity (accounting for 90% of the entity's turnover)

Sl. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Manufacture of allopathic pharmaceutical preparations	21002	100%

III. Operations

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

Location	Number of plants	Number of offices	Total
National	6 Manufacturing and 4 R&D Centres	1	11
International	-	-	-

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



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

19. Markets served by the entity

a) Number of locations

Locations	Number
National (No. of states)	Pan India
International (No. of countries)	80+ Countries

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

93.99% of the business comes from exports.

c) A brief on types of customers

Granules India Limited (GIL) is a distinguished pharmaceutical company specializing in the production of Active Pharmaceutical Ingredients (API), Pharmaceutical Formulation Intermediates (PFI), and Finished Dosages (FD) products. Since its establishment in 1991, the company has successfully expanded into key international pharmaceutical markets, including the United States of America, Canada, Latin America, Europe, Asia Pacific, and India.

Renowned for its innovative processes and exceptional efficiencies, Granules India Limited supplies a diverse range of over 60 molecules and pharmaceutical products to more than 300 customers across 80 countries. The company maintains a strong global presence with offices strategically located in India, the United States, and the United Kingdom.

Granules India Limited operates seven state-of-the-art manufacturing facilities, with six located in India and one in the USA. These facilities hold regulatory approvals from esteemed bodies such as the US FDA, EDQM, EU GMP, COFEPRIS, WHO GMP, TGA, K FDA, DEA, MCC, and HALAL, ensuring adherence to international quality standards.

Granules is a preferred supplier of superior quality pharmaceutical products for the world's leading branded pharma and generics companies, as well as to the top retailers in developed markets. Exports now contribute over 90% of the Company's revenue.

IV. Employees

20. Details as of March 31, 2024

a) Employees and workers (including differently abled)

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	4057	3741	92.2%	316	7.78%
2.	Other than Permanent (E)	0	0	-	0	-
3.	Total employees (D+E)	4057	3741	92.2%	316	7.78%
WORKERS						
1.	Permanent (F)	0	0	-	0	-
2.	Other than Permanent (G)	2467	2022	81.96%	445	18.04%
3.	Total workers (F+G)	2467	2022	81.96%	445	18.04%

b) Differently abled employees and workers

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	1	1	100%	0	-
2.	Other than Permanent (E)	0	0	-	0	-
3.	Total differently-abled employees (D+E)	1	1	100%	0	-
DIFFERENTLY ABLED WORKERS						
1.	Permanent (F)	0	0	-	0	-
2.	Other than Permanent (G)	0	0	-	0	-
3.	Total differently abled workers (F+G)	0	0	-	0	-

21. Participation/inclusion/representation of women:

	Total (A)	No. and percentage of females	
		No. (B)	% (B/A)
Board of Directors	12	3	25%
Key Management Personnel*	7	3	43%

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

22. Turnover rate for permanent employees and workers:

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	25%	16%	25%	38%	42%	38%	27%	27%	27%
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

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

23. a. Names of holding/ subsidiary/ associate companies/ joint ventures:

Sl. No.	Name of Holding/ Subsidiary/ Associate Companies/ Joint Venture (A)	Indicate whether Holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated in column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Granules USA, Inc.	Subsidiary	100%	No
2.	Granules Pharmaceuticals, Inc.	Subsidiary	100%	No
3.	Granules Europe Limited	Subsidiary	100%	No
4.	Granules Life Sciences Private Limited	Subsidiary	100%	No
5.	Granules CZRO Private Limited	Subsidiary	100%	No

VI. CSR Details

24. (i) Whether CSR is applicable as per Section 135 of Companies Act, 2013: Yes

- a) **Turnover (in ₹): ₹ 37,550 million**
- b) **Net worth (in ₹): ₹ 30,327 million**



VII. Transparency and Disclosures Compliances

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0	-	0	0	-
Investors (other than shareholders)	Yes	0	0	-	0	0	-
Shareholders	Yes	0	0	-	2	0	-
Employees and workers	Yes	0	0	-	1	0	-
Customers	Yes	486	0	-	414	0	-
Value Chain Partners	Yes	0	0	-	0	0	-

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

- Communities:** Community members can report their grievances by documenting them and submitting a written complaint to the HR manager of the respective units. The Plant Head, in coordination with the respective stakeholder, addresses these grievances. The Unit Administration promptly handles all grievances from the communities. To date, no significant concerns have been reported.
- Investors/Shareholders:** The Stakeholders Relationship Committee examines and addresses various aspects of shareholder interests. This Committee plays a crucial role in ensuring cordial and productive investor relations by overseeing the mechanisms established for the redressal of investor grievances. Granules has implemented a comprehensive Investors Grievance Redressal Policy. This policy outlines the procedures and protocols for addressing any concerns or issues raised by investors, ensuring that their grievances are managed promptly and effectively.

<https://granulesindia.com/wp-content/uploads/2022/03/Investor-Grievance-Redressal-Policy.pdf>

- Employees:** Granules has established robust internal mechanisms to effectively address grievances related to human rights issues. Employees and stakeholders are encouraged to report any concerns regarding human rights violations through multiple channels, including direct communication with their managers, the Head of the Department, the Unit HR Manager, or the Compliance Officer. As a standard practice, we encourage employees to discuss or report concerns to their managers. However, if any individual is uncomfortable reporting a potential violation to their supervisor, they are encouraged to raise their concerns with the Head of Department, Unit HR Manager, or Compliance Officer. This approach ensures that all concerns are handled promptly and following our commitment to ethical conduct and accountability.
- Customers:** All the customer complaints that were received have been resolved in a time frame as stated in our Quality standard operating procedures and proposed improvements incorporated into the processes, and the Company makes sure that no complaints are pending at the end of the financial year. To report an adverse experience with a specific Granules drug product, one can call the Granules Pharmacovigilance Team or report at - drugs.safety@granulesindia.com

Customer complaints pertain to packaging, quality, transit, and others.

- Value Chain Partners:** At Granules, we are committed to maintaining strong, transparent, and mutually beneficial relationships with our value chain partners. To ensure that any grievances or concerns are addressed promptly and effectively, we have established a comprehensive Grievance Redressal Procedure. The Downstream-related grievances are handled by the marketing team; Upstream grievances are handled by supply chain management. In case of any queries or concerns partners can reach out to <https://granulesindia.com/register-as-supplier/>.

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

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk*:

Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate.	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Climate Change and GHG Emissions	Risk / Opportunity	<p>Climate Change will increase the frequency of natural disasters like heat waves, flooding, and cyclones, which have the potential to physically impact our operations. Climate Change will also lead to transition risks like regulatory, legal, technological, and market-based risks.</p> <p>Granules is focused on converting transition risk into opportunities through innovation across manufacturing and close collaboration with the value chain.</p>	<p>Granules is adopting a comprehensive approach to GHG risk and mitigation. Estimating GHG emissions on Scope 1, 2, and 3 with supplier engagement has been one of the key initiatives in the reporting year. Additionally, Granules has implemented various initiatives to improve energy efficiency in the manufacturing area to reduce GHG emissions.</p> <p>The decarbonization plan is being embedded into the business process. One of our key programs is CZRO, which will support the transformation of climate risk into opportunities.</p>	Negative in the short term and positive in the Long-Term.
2.	Water Management	Opportunity	Effective water and effluent management measures increase our operational efficiency, ensure compliance with regulatory requirements, and enhance the resilience of our business towards water, a critical resource.	<p>We are maintaining a Zero Liquid Discharge (ZLD) System and Effluent Treatment Plants with RO Recovery System to ensure that the effluents generated are treated to minimize the environmental impact and reuse the resources wherever possible.</p> <p>The treated water is suitably recycled back into the utility makeup.</p> <p>We have reduced our dependence on groundwater through water conservation techniques, such as rainwater harvesting, recycling, and effluent water treatment.</p>	Positive
3.	Waste Management	Risk/ Opportunity	<p>Risk: Waste-related regulations pose a risk to the companies in the sector.</p> <p>Opportunity: A comprehensive resource management plan will help Granules reduce waste generation support in climate initiatives and bring circularity.</p>	<p>Under clean manufacturing, all the solid wastes generated at our manufacturing plants are either sent to cement industries for co-processing or to authorized vendors.</p> <p>Hazardous and non-hazardous waste is segregated at the source and stored in dedicated spaces in the manufacturing facilities. Hazardous waste is stored category-wise in hazardous waste storage areas and disposed of at Pollution Control Board-authorized disposal facilities as per applicable regulations.</p> <p>Almost 100% of the non-hazardous waste generated is sent to authorized recyclers for recycling, creating an effective and efficient waste management system.</p> <p>EPR program</p> <p>Granules' implementation of Green Chemistry principles will result in more efficient use of resources, reducing the financial losses due to saving of material and waste management in the long run.</p>	Negative/ Positive
4.	Employee Engagement and Well Being	Opportunity	The wellness and Well-being of the employees are Granules priorities. This supports granules in achieving the business goals and opportunities.	<p>"Granules wants to be an employer of choice." Employee well-being is our topmost priority.</p> <p>The company organizes quarterly health awareness campaigns and conducts meditations and stress management sessions with eminent speakers.</p> <p>The Company has tied up with the "Ekincare" integrated platform that provides access to many healthcare services such as 24*7 chat with doctors, health check-ups at concessional rates, medicines purchase and delivery, and access to Gyms etc.</p> <p>This will help the management achieve its goals in terms of creating a conducive work environment and helping employees realize their potential.</p>	Positive



Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate.	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5.	Occupational Health & Safety	Risk	<p>Risks related to Exposure of employees to Work-related Hazards and potential legal liabilities due to workplace accidents.</p> <p>Failure to comply with these standards leads to regulatory, reputational, and business continuity risks, which may, in turn, adversely impact our business's sustainability.</p>	<p>We strive to adhere to the standards of Environment, Health & Safety (EHS) and Sustainability.</p> <p>We have an occupational health and safety management system certified as per ISO 45001:2018. To enhance safety performance, we also undertake third-party safety audits through reputable agencies.</p> <p>We also have occupational Health centers in all Manufacturing facilities and have medical assistance around the clock.</p> <p>We have introduced a Night Manager to enhance safety monitoring during the night hours.</p> <p>Employees are provided with training to make them familiar with applicable Health and Safety guidelines and report any unsafe conditions or acts, or near misses to the functional heads.</p>	Negative
6.	Human capital Development	Opportunity	<p>Higher Employee retention and enhanced skills support organizational growth and our ability to have a positive impact on communities.</p>	<p>We value diversity in our workforce and make all efforts to ensure that we provide an inclusive working environment and can attract and retain diverse talent.</p> <p>Also, we encourage and nurture talent within the organization by conducting skill development and career development workshops.</p> <p>Granules has partnered with Swarna Bharat Trust to provide skill development programs and nurture talent. Here youth are allowed to participate in the "Earn & Learn" program. Students who are trained at Pharma Pathshala are allowed to work with us after successfully completing the program.</p> <p>We have launched the "Granules Learning Academy" concept, which includes Training Grass-Root employees on the Fundamentals of Unit Operation in Manufacturing and Quality Control.</p> <p>Role-based training on guidelines and standards is being initiated for managers engaged in pharmaceutical manufacturing.</p>	Positive
7.	Business Ethics and Integrity	Risk	<p>Business integrity breach can hamper the Company's credibility and affect Brand image.</p>	<p>Our Code of Conduct covers all stakeholders, including groups, Suppliers, Contractors, NGOs, and others. We always encourage our employees and all stakeholders not to engage in unfair trading practices, irresponsible advertising, or anti-competitive behavior.</p> <p>We have procedures to ensure that the Company's business is carried out fairly and responsibly.</p>	Negative
8.	Data Privacy and Cyber Security	Risk	<p>Threat of Cyber Attacks resulting in loss of reputation and business continuity.</p>	<p>The lack of a strong data integrity and security mechanism may lead to increased data breaches and the loss of valuable data. Therefore, several mitigation measures have been planned over the years and continue to be implemented.</p> <p>Some of the Mitigation Measures of Granules are:</p> <ol style="list-style-type: none"> 1. Preparation/Revision of SOPs like IT Policy and Information Security Backups. 2. All servers and firewall devices are upgraded, and licenses are renewed. 3. A vulnerability Assessment is completed by a third party, and Remedial measures taken. 4. ISO 27001 certification is planned . 5. IT compliance (w.r.t 21 Code of Federal Regulations (CFR) Part 11 6. Gap assessment for all GxP systems by third party. 7. Third party support for management of IT and Data Security. 8. Establish Disaster Recovery Site for critical applications. 9. Implement Cloud Backup for critical applications. 	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURE

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

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

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

4. Name the national and international codes/ certifications/ labels/ standards

Principle 1	Quality Management System (ISO 9001:2015)
Principle 2	We don't have a certification currently. We are reviewing the possibilities of Incorporating the principles of ISO of ISO 20400 across 20400 across our organization.
Principle 3	Occupational Health and Safety Management System (ISO 45001:2018)
Principle 4	At Granules, we involve key stakeholders in the process of devising our long-term ESG vision. We conduct Materiality assessment in consultation with all our Internal and External Stakeholders as per GRI standards.
Principle 5	We conduct our business in a manner that abides by human rights and the dignity of people. We intend to undergo a social Accountability Assessment (SA8000) across our organization.
Principle 6	Environmental Management System (ISO 14001:2015), ISO 14064 (GHG Accounting)
Principle 7	We play a strong role in public policy advocacy through regular engagement with specific external stakeholders, including industry associations, government bodies, and regulatory departments. We are Developing a public advocacy policy at Granules for policy advocacy engagements.
Principle 8	We undertake various CSR activities that address the needs of the community. We currently do not have any international codes/ certifications/labels/standards. We intend to undergo a social Accountability Assessment (SA8000) across our organization.
Principle 9	Granules is committed to understanding and meeting customer expectations while fostering long-term business partnerships. Operating in a highly regulated industry overseen by global health authorities, our products consistently meet regulatory standards. we undergo regular audits by various health authorities to ensure the quality and safety of our products and facilities.



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

Climate and Environment Targets	<p>Midterm to Long-term Targets</p> <ul style="list-style-type: none"> ➤ Granules' climate goal aligned with the science-based target for limiting global warming to a 1.5°C temperature goal. <ul style="list-style-type: none"> • Achieve Net Zero by 2050 • Reduce Scope 1 and Scope 2 absolute emissions by 42% by FY 30 from FY 23 baseline • Reduce Scope 3 absolute emission by 42% by FY 30 from FY 23 baseline ➤ Adopt supplier's sustainability framework and encourage strategic suppliers to set science-based emission reduction targets by FY 27 ➤ Achieve Zero waste to landfill by FY 30 ➤ Energy intensity reduction by 20% by FY 27 ➤ Water intensity reduction by 27% by FY 27 ➤ 27% reduction in waste to landfill by FY 27 <p>Short term Targets</p> <ul style="list-style-type: none"> ➤ Increase renewable energy mix in electricity consumption. <ul style="list-style-type: none"> • Commission 1MW rooftop solar plant at Gagillapur unit by FY 25. • Increase renewable energy purchases through PPA across our plants. • Complete techno-commercial feasibility of alternate fuels for boilers for Bonthapally and Gagillapur • Develop an Internal Carbon Pricing (ICP) by FY 25. ➤ Increase coprocessing of waste to 95% by FY 26. ➤ Conduct water risk assessment and develop a water stewardship plan by FY 25. ➤ Conduct climate risk analysis for all facilities and strategic suppliers by FY 25. ➤ Conduct climate risk analysis using the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and integrate major physical and transitional risks with Granules' Enterprise Risk Management (ERM) framework. ➤ Roll out supplier sustainability framework, identify strategic suppliers, and engage them to adopt and share climate targets by FY 25. ➤ Develop a green packaging strategy by FY 25.
Social Targets	<p>Midterm to Long-term Targets</p> <ul style="list-style-type: none"> ➤ Occupational health and safety: <ul style="list-style-type: none"> • Foster a safety-first culture and Target zero workplace fatality • Identify and execute projects to improve workplace safety parameters to the best in class- such as incident rate, Lost Time Injury Frequency Rate (LTIFR) etc. ➤ Employee Engagement: <ul style="list-style-type: none"> • Drive employee engagement for measurable outcomes ➤ Human Capital development: <ul style="list-style-type: none"> • Identify mandatory training and ensure 100% compliance • Target to be in the top quartile in the pharmaceutical industry on L&D parameters ➤ Community impact, relations and development: <ul style="list-style-type: none"> • Drive health, skilling, environmental sustainability, and Volunteering as part of CSR activity • Touch 1 million lives through CSR programs by FY2030 ➤ Access, Diversity and Inclusion: <ul style="list-style-type: none"> • Achieve gender pay parity by FY2030 • All plants to be made accessible for physically challenged people • Ensure equal opportunity in selection and promotion <p>Short term Targets</p> <ul style="list-style-type: none"> ➤ Occupational health and safety: <ul style="list-style-type: none"> • Target zero workplace fatality by identifying set of safety related lead indicators and improving over previous year • 10% Y-o-Y reduction in the Lost Time Injury Frequency Rate (LTIFR) ➤ Employee well-being: <ul style="list-style-type: none"> • Expand employee health and wellness program. Initiate mental health program including access to psychological counselling. ➤ Human Capital development: <ul style="list-style-type: none"> • Identify mandatory training and ensure 100% compliance • Target 24 hours (3 days) of training and development per employee per year ➤ Community impact, relations and development: <ul style="list-style-type: none"> • Drive health, skilling, environmental sustainability, and Volunteering as part of CSR activity • Conduct CSR impact assessment and improve the number of lives impacted by 50% ➤ Access, Diversity and Inclusion: <ul style="list-style-type: none"> • All plants to be made accessible for physically challenged people • Ensure equal opportunity in selection and promotion • Develop a process for increasing the pool of women in the CV sourcing and screening stage of recruitment

Governance Targets	<p>Midterm to Long-term Targets</p> <ul style="list-style-type: none"> ➤ Business ethics and integrity: <ul style="list-style-type: none"> • Conduct awareness programs and mandatory code of conduct training • Ethical business conduct and Zero tolerance to violations through robust culture building and training. ➤ Sustainability governance: <ul style="list-style-type: none"> • Adopt sustainability governance across the organization and integrate with the ERM framework • Transparency through disclosures on various ESG reporting platforms ➤ Data privacy and cyber security: <ul style="list-style-type: none"> • Conduct an annual third-party vulnerability threat assessment, IT & OT security Gap & Convergence Assessment • Ensure Zero data privacy and cyber security breaches • Target ISO 27001 certification by year FY2027 • Conduct annual cyber safety awareness & refresher program for the targeted audience within the organization and ensure 100% coverage <p>Short term Targets</p> <ul style="list-style-type: none"> ➤ Business ethics and integrity: <ul style="list-style-type: none"> • Conduct awareness programs and mandatory code of conduct training • Ethical business conduct and Zero tolerance to violations through robust culture building and training. ➤ Sustainability governance: <ul style="list-style-type: none"> • Adopt sustainability governance across the organization and integrate with ERM framework ➤ Data privacy and cyber security: <ul style="list-style-type: none"> • Conduct annual vulnerability threat assessment, and IT & OT security Gap & Convergence Assessment • Conduct cyber safety awareness program for targeted audience within the organization and ensure 100% coverage
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6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met

Energy	<ul style="list-style-type: none"> • The Solar power plant in Gagillapur has generated 359 MWh of electricity; we have procured 6,528 MWh of renewable electricity through PPA and 33,000 MWh of I-RECs for Gagillapur and Bonthapally units. Incorporating all these initiatives has increased our renewable energy contribution to 47.4% in our energy mix. • Implementation of various energy-saving initiatives at all our manufacturing units has shown a considerable decrease in fuel consumption. HSD consumption in the reporting period was reduced by 31.6%, and the coal & FO consumption was reduced by 1.9% and 1.4 % respectively
Emissions	<ul style="list-style-type: none"> • In FY 23-24, the Total GHG footprint (Scope1+Scope2) is 87,886 tCO₂e. The Specific GHG Emission Intensity (tCO₂e/MT of Production) is reduced by 26.7% compared to FY 2022-23. • Absolute GHG Emissions (Scope1+Scope2) in the reporting period were reduced by 22%. Implementing rooftop solar panels and purchasing Renewable Energy through PPAs and I-RECs have contributed to this reduction.
Water	<ul style="list-style-type: none"> • The Specific Water Intensity (KL/MT of production) is reduced by 25% compared to FY 2022-23 due to various water conservation measures implemented and an increase in business volumes. • The percentage of water recycled during this financial year is more than 39% of effluent generated, which is recycled and reused in operations.
Waste	<ul style="list-style-type: none"> • More than 88% of the hazardous waste is disposed of by cement industries for co-processing, thereby promoting circular economy as well as reducing the GHG footprint. • 100% of our Non-Hazardous waste generated at our operations are recycled through authorized vendors

GOVERNANCE, LEADERSHIP AND OVERSIGHT

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

Sustainability is a core principle that drives our strategic vision and decision-making processes. We prioritize long-term environmental and social considerations alongside our business goals to become a global leader in sustainable pharmaceutical manufacturing.

We are taking systematic steps towards a holistic sustainability program. We conducted a materiality assessment aligned with GRI and mapped our actions with the United Nations Sustainable Development Goals (SDGs). We have committed to the UNGC and Science Based Targets Initiatives aligned to the 1.5°C pathway.

To achieve this, we are taking several bold steps beyond the business as usual. We have thoroughly assessed our Scope 3 emissions, developed a Net Zero roadmap, and initiated action plans for reducing Scope 1, Scope 2, and Scope 3 emissions. We have comprehensively assessed and disclosed our entire value chain emissions (Scope 1, 2, and 3) across all subsidiaries, demonstrating our commitment to transparency and accountability. We have estimated the



Product Carbon Footprint (PCF) for our five Key molecules, covering 65% of our revenue. Our sustainability initiatives are integrated into product development through the Eco Scale and Green Card programs, promoting responsible business practices. Our climate commitments have been submitted to SBTi for approval, and our climate risk assessment aligns with the reporting of the Task Force on Climate-related Financial Disclosures (TCFD). Initiatives such as our pilot plant for Green Molecules through Granules CZRO and an academic partnership with NIPER Mohali to establish a Centre of Excellence for Innovative and Sustainable Pharmaceuticals highlight our proactive approach. We have implemented Carbon Emission Reduction Measures (CERMs) and launched a comprehensive sustainability program for our suppliers.

Our decarbonization plan, featured at COP 28, underscores our leadership in policy advocacy for a sustainable pharmaceutical sector. All our efforts are also aligned with the Government of India's plan for climate change. Our continuous improvement in ESG practices reflects our dedication to enhancing our sustainability performance. By benchmarking ourselves against industry best practices, we aspire to lead in sustainability within the pharmaceutical sector.

DR. KRISHNA PRASAD CHIGURUPATI

Chairman & Managing Director

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility & Sustainability (BRSR) Policy

Dr. Krishna Prasad Chigurupati

Designation – Chairman and Managing Director

Telephone number – 040-69043500

e-mail id – mail@granulesindia.com

9. Does the entity have a specified committee of the board/ director responsible for decision-making on sustainability-related issues? (Yes/ No). If yes, provide details

- At Granules, we have established a sustainability governance mechanism - a robust three-tiered governance structure to achieve our sustainability vision.
- The Board of Directors leads our sustainability governance framework, entrusted with setting strategy, overseeing implementation, and monitoring performance. Simultaneously, management is responsible for executing the sustainability strategy, managing related risks and opportunities, and ensuring the accuracy of disclosures.
- The Sustainability & Corporate Social Responsibility Committee of the board convenes semi-annually at the highest level to provide strategic direction and oversight. The executive management team meets quarterly to evaluate progress, address significant issues, and align strategies across the company. At the operational level, plant teams hold monthly meetings to manage daily operations and ensure that the strategic objectives set by the higher tiers are effectively implemented.

10. Details of Review of the National Guidelines on Responsible Business Conduct (NGRBC) by the company:

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

*Note:

¹P3: The frequency of review is half yearly (H) for customers and employees.

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

P1	P2	P3	P4	P5	P6	P7	P8	P9
Y	Y	Y	Y	Y	Y	N	Y	Y

At Granules policies are periodically evaluated and updated by various department heads/business heads and approved by the management/the Board Committees/the Board. Some of the policies of the Company were evaluated by PWC, Deloitte, Bureau Veritas, AFNOR for their effectiveness in our system. The independent assessment by British Standards Institution (BSI) has been done as part of the assurance of BRSR.

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

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

SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1- BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE

At Granules, We are committed to conducting business with integrity and ensuring our practices uphold high ethical standards by adhering to laws and considering social and environmental impacts.

Essential Indicators

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

At Granules India, a key part of our business strategy is prioritizing creating an environment where every employee feels supported and empowered.

To achieve this, we have established the "Granules Learning Academy." This program provides essential training for our frontline employees, focusing on unit operations, manufacturing processes, and quality control. We also offer specialized training for managers in pharmaceutical manufacturing, ensuring they understand and follow industry guidelines and standards. These efforts are aimed at improving skills, promoting professional development, and aligning everyone with our company's vision and goals.

Investing in our employees through comprehensive training enhances individual performance and strengthens our overall organizational capacity and capability to innovate and thrive in a competitive market. We are committed to nurturing talent and fostering a culture of continuous learning and growth at Granules India.

Segment	Total number of training and awareness programs held	Topics/ principles covered under the training audits impact	% of persons in respective category covered by the awareness programs
Board of Directors	2	Board retreat - Strategy session - Industry overview and trends for pharma & Chemical, Realignment of Granules Mission, vision and values and Unveiling Granules new Purpose, vision and values	100%
Key Managerial Personnel (KMP)	5	EPP- Effective personal productivity, Board retreat - Strategy session ESG, Climate change and Business, Unveiling Granule's new Purpose, Vision, and values	100%

Segment	Total number of training and awareness programs held	Topics/ principles covered under the training audits impact	% of persons in respective category covered by the awareness programs
Employees other than BoD and KMPs	12 (Mandatory)	All Employees and Workers at Granules undergo mandatory training related to Safety, Regulatory Training, Code of Conduct, POSH, Insider Trading, Quality, Soft Skills and Compliance. In furtherance, Granules also rolls out e-mails and updates regarding the above topics as part of its employee awareness.	100%
	47	Enterprise Risk Management (ERM) , Project Management Professional (PMP), Environmental , Social and Governance (ESG), Blister Packing, Encapsulation, Statistical Training, Supervisory Development Program (SDP), Women mentoring, Audit Facing, Behavioral & Communications Skills, Leadership x factor, Woman Leadership Program (Jombay,1000 women leaders), IPQA Observations , Safety Observations, Batch Production and Control Records (BPCR) vs Practices, ISO Internal Auditor Training, Blister Packing, Regulatory Requirements for Complex Generics, Intellectual Property	68%
Workers	3 Trainings	GMP, Safety work practices, Code of Conduct	100%

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

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Nil	Nil	Nil	-	-
Settlement	Nil	Nil	Nil	-	-
Compounding fee	Nil	Nil	Nil	-	-

	Non-Monetary		
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case
Imprisonment	Nil	Nil	-
Punishment	Nil	Nil	-

During the financial year, no penalty/fine, settlement, compounding fee, imprisonment, or any kind of punishment has been imposed on the Company or the Company's Directors and KMPs.

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

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

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

We adhere to uncompromising integrity in the conduct of business and do not tolerate corrupt and immoral practices. The Code of Conduct addresses these aspects of anti-corruption/anti-bribery and covers all the stakeholders including groups/ Suppliers/ Contractors/ NGOs/Others. We have procedures in place to ensure that the business is carried out fairly and responsibly. An Employee cannot solicit, encourage, or receive any bribe or other payment, contribution, gift, or favor that could influence our or another's decision.

<https://granulesindia.com/wp-content/uploads/2022/03/COBC.pdf>

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

	FY 2023-24	FY 2022-23
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

	FY 2023-24		FY 2022-23	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	Nil	0	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	Nil	0	Nil

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

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

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY 2023-24	FY 2022-23
Number of days of accounts payables	134 days	114 days

9. Open-ness of business Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases b. Number of trading houses where purchases are made from c. Purchases from top 10 trading houses as % of total purchases from trading house	0 0 0	0 0 0
Concentration of Sales	a. Sales to dealers/distributors as % of total sales b. Sales to dealers/distributors as % of total sales c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributors	0.6% 1 NA	0.6% 1 NA
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases) b. Sales (Sales to related parties / Total Sales) c. Loans & advances (Loans & advances given to related parties / Total loans & advances) d. Investments (Investments in related parties / Total Investments made)	2.51 % 40.63% 0% 100%	0.22% 31.72% 100% 100%

Leadership Indicators

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

Total number of awareness programs held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programs
Awareness sessions conducted separately for all key suppliers in the reporting year	<ul style="list-style-type: none"> • Supplier Code of Business Conduct • ESG Practices 	90% of Value chain partners



We assess 100% of our suppliers for Key Active Pharmaceutical Ingredients (APIs), Key Starting Materials (KSMs), Excipients, Raw Materials, Intermediates, and Packing Materials at regular intervals or as needed, following our Vendor Management Procedure. This assessment covers various CSR aspects such as CSR policies and committees, wages and payrolls, statutory benefits like PF, ESI, and Gratuity, health and safety measures, emergency preparedness and response plans, chemical storage practices, waste management, and wastewater management.

In addition to formal and informal interactions to exchange information and expectations on ESG (Environmental, Social, Governance) and sustainability aspects, in the financial year 2024, we extended our efforts through our Scope-3 GHG Assessment. We reached out to all key suppliers to collaborate on providing accurate data related to their manufacturing processes, energy and fuel consumption, Scope 1, Scope 2, and Scope 3 emissions, and product carbon footprint for materials supplied to Granules India.

Furthermore, we launched a Supplier Sustainability Program to engage key suppliers in committing to and disclosing environmental and climate-related metrics. This program encourages suppliers to disclose their emissions data, develop science-based targets certified by the Science Based Targets initiative (SBTi), and provide product carbon footprint information for products sold to Granules India. It also promotes the adoption of renewable energy in their electricity purchases. Through these collaborative initiatives, we aim to enhance transparency, promote sustainability, and drive positive environmental impacts across our entire supply chain.

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

Yes, Granules places a strong emphasis on ethical and lawful business conduct, which is a core value shared by our Board of Directors and Management. Our business conduct standards prioritize upholding ethical and legal norms while pursuing our financial objectives and business goals, ensuring unwavering honesty and integrity in all circumstances.

Aligned with these principles, Granules' Board has implemented a Code of Conduct for Board & Senior Management. This Code provides clear guidance to Directors and senior management personnel on maintaining high ethical and legal standards. It mandates professional conduct, courtesy, and respectfulness while also emphasizing the importance of identifying, mitigating, and preventing conflicts of interest.

Through these measures, Granules India ensures that its governance practices are robust, transparent, and committed to safeguarding the interests of all stakeholders, thereby reinforcing our commitment to ethical excellence and corporate integrity.

PRINCIPLE 2 -BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

At Granules, we emphasize the significant role of integrating safety and resource efficiency into our research and manufacturing processes. This highlights the essential need for businesses to utilize their resources in a way that adds value while reducing negative impacts on the environment and society at every stage, from design to disposal.

Essential Indicators

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

	FY 2023-24	FY 2022-23	Details of improvements in environmental and social impact
R&D	100%	100%	At Granules, we are investing in a Green molecule platform to reimagine pharmaceutical manufacturing and complete supply chain decarbonization, including solving the scope 3 challenge for the pharma industry. NIPER collaboration
Capex	8.90%	3.68%	We are in the process of commissioning a 660 KWp solar plant in our Gagillapur unit. Capacity enhancement of ZLD at Bonthapally unit We have implemented various energy-saving and Carbon Emission Reduction Measures (CERM) across our Manufacturing units.

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

Yes, Granules is committed to maintaining responsible procurement practices across its supply chain by implementing stringent protocols for vendor identification and approval. We ensure rigorous standards are met through periodic site audits, regulatory approval checks, and regular sample analyses to uphold the highest product quality.

As part of our procurement process, suppliers and vendors undergo thorough evaluations based on material risk assessments, compliance with environmental regulations, labor laws, carbon footprint considerations, and health and safety parameters. Granules has established a Supplier Code of Conduct that articulates our vision and expectations from Manufacturers, Suppliers, Service Providers, Traders, Consultants, and Contractors (collectively referred to as "Suppliers").

Key elements of our Supplier Code of Conduct include:

- Ethical conduct and integrity in all business dealings.
- Compliance with human rights standards, ensuring the dignity and protection of employees.
- Adherence to all relevant environmental regulations and maintenance of necessary permits and licenses.
- Provision of a safe and conducive work environment with a Health and Safety Policy/Guideline that aligns with local and national regulations.
- Implementation of a management system to ensure compliance with laws and regulations, manage operational risks, and drive continuous improvement.

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

100% of Key Active Pharmaceutical Ingredients (APIs), Key Starting Materials (KSMs) are sourced sustainably.

All our Key Starting Materials (API, KSMs) vendors are Good Manufacturing Practices (GMP) compliant and adopt sustainable practices. As part of routine audits, we also rate them for sustainable practices, in addition to quality.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste

Sl. No.	Product	Product Process to safely reclaim the product
1.	Plastics (including packaging)	Plastics (including packaging) are recycled and disposed of according to Central Government rules and the provisions of the Plastic Waste Management Rules.
2.	E-Waste	E-waste is disposed of through a registered recycler.
3.	Hazardous Waste	Hazardous waste is disposed of at a Treatment, storage, and disposal facility (TSDF) or authorized cement industries for further treatment and disposal or co-processing.
4.	Other Waste	Bio-medical waste is disposed off through authorized common bio-medical waste facilities.

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

Yes, we have received our EPR registration certificate on December 26, 2023 from Central Pollution Control Board (CPCB). Our Waste Management plan is in line with EPR requirements.

Leadership Indicators

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

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
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We have estimated the Product Carbon Footprint (PCF) for 5 of our molecules covering 65% of our product sales.. In the near future, we will conduct Life cycle assessments covering all the impact categories.



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

Name of Product / Service	Action Taken	Action Taken
Not Applicable		

- 3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Parameter	Recycled or re-used input material to total material	
	FY 2023-24	FY 2022-23
Not Applicable		

As a healthcare business, the safe usage and quality of our products are of the utmost priority. As per Good Manufacturing Practice (GMP) and as a responsible pharmaceutical manufacturer, we do not reuse any material/chemical for manufacturing. In certain parts of our operations, we recover spent solvents using a solvent recovery system and subsequently reuse them in our manufacturing process.

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

Type of Waste	FY 2023-24			FY 2022-23		
	Re-Used	Recycled	Safely Disposed (Metric Tonnes)	Re-Used	Recycled	Safely Disposed (Metric Tonnes)
Plastics including packaging	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste-Paper waste	NA	NA	NA	NA	NA	NA

We do not reclaim our products and packaging material at the end of the life of products.

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

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in the respective category
No products or packaging materials were reclaimed in the reporting period	

PRINCIPLE 3- BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

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

Essential Indicators

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

Granules places a strong emphasis on the well-being of its employees, implementing a range of comprehensive measures and programs to support their health and vitality. Our employees benefit from extensive coverage under a group medical health insurance policy and ESI. Additionally, all employees are covered under a Group Personal Accident policy, with provisions for Maternity and Paternity benefits.

To enhance employee wellness, Granules has partnered with the "Ekincare" integrated platform. This collaboration offers employees and their families access to a wide array of healthcare services, including round-the-clock consultations with doctors via chat, health check-ups at discounted rates, and convenient medicine purchase and delivery options. This platform also facilitates access to fitness facilities, such as gyms.

In addition to these foundational benefits, Granules organizes annual comprehensive health camps, which include screenings for eye, dental, and cardiac health. Quarterly health awareness campaigns are conducted to promote preventive care and health education among employees. Furthermore, the company hosts meditation and stress management sessions conducted by experts, aimed at fostering mental well-being.

To encourage physical fitness, Granules arranges various activity-based programs throughout the year, such as Zumba sessions, Walkathons, and Stepathons. These initiatives not only promote a healthy lifestyle but also cultivate a supportive and nurturing workplace environment.

Category	Total (A)	% Of employees covered by							
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)
PERMANENT EMPLOYEES									
Male	3741	3741	100%	3741	100%	NA	NA	3741	100%
Female	316	316	100%	316	100%	316	316	NA	NA
Total	4057	4057	100%	4057	100%	316	100%	3714	100%
OTHER THAN PERMANENT EMPLOYEES									
Male									
Female								Not Applicable	
Total									

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

Category	Total (A)	% Of employees covered by							
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)
PERMANENT EMPLOYEES									
Male									
Female								Not Applicable	
Total									
OTHER THAN PERMANENT EMPLOYEES									
Male									
Female								All workers are covered under Employee State Insurance Act (ESI). Further benefits for workers were given depending on the specific policies of the contractor.	
Total									

c. Spending on measures towards the well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2023-24	FY 2022-23
Spent towards Well-being which include Insurance premium	114.89	95.19

2. Details of retirement benefits for the current and previous financial year.

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered (as a % of total employees)	No. of workers covered (as a % of total workers)	Deducted & deposited with the authority (Yes/No/N.A.)	No. of employees covered (as a % of total employees)	No. of workers covered (as a % of total workers)	Deducted & deposited with the authority (Yes/No/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	NA	100%	100%	NA
ESI	20%	99%	Yes	23%	99%	Yes

3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently-abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016



We have provided lifts and battery-operated vehicles for movement in the plant premises to support people with any physical challenge. We are further evaluating all the possible ways employees can make the place friendly for differently abled people.

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

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

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

5. Return to work and retention rates of permanent employees that took parental leave.

Gender	Permanent employees		Permanent Workers	
	Retention rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	NA	NA
Female	100%	100%	NA	NA
Total	100%	100%	NA	NA

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

Yes/No (If Yes, then give details of the mechanism in brief)	
Permanent Employees	Yes, Any employee who has a grievance shall initially inform his/her supervisor verbally. In case he/she is not satisfied with the resolution, they shall formally approach the Grievance Redressal Committee by a written application. There is an internal "Grievance redressal Policy" on the intranet which enunciates the detailed redressal mechanism.
Other than Permanent Employees	NA
Permanent Workers	NA
Other than Permanent Workers	Yes, Any employee who has a grievance shall initially inform his/her supervisor verbally. In case he/she is not satisfied with the resolution, they shall formally approach the Grievance Redressal Committee by a written application. There is an internal "Grievance redressal Policy" on the intranet which enunciates the detailed redressal mechanism.

7. Membership of employees in association(s) or unions recognized by the listed entity:

Category	FY 2023-24			FY 2022-23		
	Total employees /workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees /workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees						
Male						
Female						
Total Permanent Workers						
Male						
Female						
At Granules the Employees/ workers will not be restricted in joining the unions. Currently, no unions are recognized by Granules.						

8. Details of training given to employees and workers:

Category	FY 2023-24					FY 2022-23				
	Total (A)	On health & safety/wellness measures		On skill upgradation		Total (D)	On health and safety measures/wellness		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. F	% (F/D)
EMPLOYEES										
Male	3741	3741	100%	1744	47%	3,410	3,300	97%	3,100	91%
Female	316	316	100%	160	51%	240	240	100%	220	92%
Total	4057	4057	100%	1904	47%	3,410	3,300	97%	3,100	91%
WORKERS										
Male	2022	2022	100%	118	5.8%	1,806	1,600	89%	1,500	83%
Female	445	445	100%	77	17%	417	400	96%	350	84%
Total	2467	2467	100%	195	7.9%	2,223	2,000	90%	1,850	83%

9. Details of performance and career development reviews of employees and workers.

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

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
EMPLOYEES*						
Male	3741	3162	84.5%	3,410	2,740	80.3%
Female	316	236	74.6%	240	171	71.2%
Total	4057	3398	83.7%	3650	2911	79.7%
WORKERS						
Male						
Female				Not Applicable**		
Total						

*The Company considers employees joined till December of every year for the purpose of performance evaluation. Hence, the above data includes employees joined till December 2023.

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

10. Health and Safety Management System

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

At Granules, we place a strong emphasis on maintaining high standards of Environment, Health, and Safety (EHS) to ensure sustainable operations. Adhering to these standards is crucial as any lapse can lead to regulatory penalties, damage to our reputation, and disruptions to our business continuity, all of which could jeopardize our long-term success.

Our commitment is underscored by our ISO 45001:2018 certified occupational health and safety management system. This system is implemented at our facilities in Gagillapur, Jeedimetla, Bonthapally, and Visakhapatnam, where dedicated Occupational Health Centers are established. These centers play a critical role in promoting a safe working environment, supported by teams focused on enhancing occupational health and safety practices across our operations.

To support our employees' well-being, we have full-time doctors available at each manufacturing site who promptly address any medical concerns. Additionally, our employees have access to 24/7 nursing assistance onsite, ensuring immediate support for health-related issues.

By integrating these measures into our daily operations, Granules not only prioritizes the health and safety of its workforce but also ensures compliance with environmental regulations and promotes sustainable business practices. This proactive approach reflects our commitment to responsible corporate citizenship and maintaining the trust of our stakeholders in the pharmaceutical industry.

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

- At Granules, Safety is our top priority. 100% of our employees and workers were given training in Health and Safety at the workplace.
- We have conducted 51 HAZOP studies internally across the units to help us identify potential hazards and assess risks, allowing us to implement effective safety measures.
- Third-party experts assessed fire and electrical safety at all our units. These assessments ensure compliance with safety regulations and help us maintain safe working environments.
- We conducted Industrial Hygiene assessments to evaluate workplace conditions and potential health hazards at our Gagillapur unit, ensuring our employees work in safe and healthy environments.
- Severity estimation of potential consequences for each undesired incident, considering mitigation safeguards and conditional factors.
- Process Hazard Analysis is conducted to identify and analyze potential causes and consequences of fires, explosions, toxic or flammable chemical releases, and major hazardous chemical spills.
- Risk Assessments are performed to identify workplace health and safety hazards and evaluate associated risks. Existing control measures are assessed for effectiveness and suitability.
- Fire safety management procedures are established across all workplaces to ensure preparedness and response capabilities.
- Regular safety inspections and audits are conducted to monitor compliance with system requirements. Any deviations identified are promptly addressed through corrective actions.
- Work permit systems are implemented to define conditions and procedures for the safe execution of work under controlled risk conditions

c. Whether you have processes for workers to report work-related hazards and to remove themselves from such risks. (Yes/No)

Yes, Granules has well-established Standard Operating Procedures (SOP) for employees and workers to identify and report work-related hazards and the subsequent steps to mitigate them. A safety observations and interactions program is in place to identify and report all near misses, unsafe acts, and unsafe conditions.

Granules trains all its employees and workers with occupational health and safety modules, which cover aspects of the methodology for identifying work-related hazards, analyzing the risks associated with them, and taking subsequent steps to mitigate them.

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

d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services? (Yes/No)

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

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

11. Details of safety-related incidents:

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million person-hours worked)	Employees	0	0.12
	Workers	0.30	0
Total recordable work-related injuries*	Employees	23	7
	Workers	15	11
No. of fatalities	Employees	0	0
	Workers	2	0
High-consequence work-related injury or ill-health (excluding fatalities)	Employees	0	1
	Workers	0	0

*Medical Treatment cases and Reportable Incidents

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

We are committed to sustainable development and maintaining high health and safety standards at the workplace. We carry out our operations in a manner that does not cause any adverse harm to the people or damage to the environment or the communities in and around our workplaces. We comply with applicable laws and regulations concerning Environment, Health, and safety.

Granules embed the guidelines and principles of ISO 45001:2018, OSHA standards, the Factory Act, and other state-level regulatory requirements within its Environment Health and Safety (EHS) management system.

The internal EHS policy advocates providing a safe working environment for all employees and contractors. At Granules, we undertake periodic internal and external audits to assess the safety practices and procedures in alignment with the EHS management system and the ISO 45001:2018 guidelines. At Granules, we undertake periodic internal and external audits to assess the safety practices and procedures in alignment with the EHS management system and the ISO 45001:2018 guidelines. As part of the auditing procedures, the Company recognizes the critical areas requiring immediate corrective action and analyses mitigation measures. Employees are provided training to make them familiar with applicable Health and Safety guidelines and report any unsafe conditions, acts, or accidents to the authority concerned in the Company.

- At Granules, Safety is our top priority. 100% of our employees and workers were given training in Health and Safety at the workplace
- We have conducted 51 HAZOP studies internally across the units to help us identify potential hazards and assess risks, allowing us to implement effective safety measures.
- Third-party experts conducted assessments on fire and electrical safety at all our units. These assessments ensure compliance with safety regulations and help us maintain safe working environments.
- We conducted Industrial Hygiene assessments to evaluate workplace conditions and potential health hazards at our Gagillapur unit, ensuring our employees work in safe and healthy environments.

13. Number of complaints on working conditions and health and safety made by employees and workers.

Category	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	NIL.	The employees report their concerns to the safety committees and the issues are resolved on an immediate basis.				
Health & Safety						

14. Assessments for the year

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

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

At Granules, we prioritize the safety of our workforce through continuous Hazard and Operability (HAZOP) studies. These studies are integral to identifying potential risks and improving safety practices across our operations. Based on ongoing HAZOP assessments, we are implementing corrective actions to address any identified safety-related incidents promptly. Additionally, we are proactively addressing significant risks and concerns identified through our health and safety assessments and evaluations of working conditions.

- SOIs (Safety observation interactions) are in place to identify unsafe acts and unsafe conditions at the work site. We encourage employees to observe and report any safety-related concerns.
- We analyze Incident investigations for implementation of corrective action as well as to learn and prevent future occurrences.
- All manufacturing locations track incident sharing and safety adherence. We conduct Risk assessments and periodic reviews, and based on investigation, Corrective and Preventive Actions (CAPAs) that are generated are horizontally deployed across groups.



Leadership Indicators

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

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

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

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

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

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

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	0	1 (Lost Time Injury – Gagillapur unit)	0	Recovering and still on payroll & Rejoined work in FY 2023-24
Workers	2 Fatalities*	-	0	-

*1 Fatal Incident at Gagillapur and 1 Fatal incident at Bonthapally Unit -1

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

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

- 5. Details on assessment of value chain partners:**

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

% of value chain partners (by value of business done with such partners) that were assessed	
Health & Safety practices	90% of Value chain partners
Working Conditions	

100% of Key Active Pharmaceutical Ingredients (APIs), Key Starting Materials (KSMs), Excipients, Raw Materials, Intermediates, Packing Materials suppliers (Covering about 90% purchase value) are assessed at regularly defined intervals or as and when required) as part of Vendor management procedure (GIL-CQA-008) covering various CSR aspects like CSR policies and committees, Wages and payrolls, Statutory benefits like PF, ESI and Gratuity, Health and Safety measures, Emergency preparedness and response plans, Chemical Storage measures, Waste Management and Waste water Management.

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

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

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

PRINCIPLE 4- BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

At Granules, We respect and uphold the interests of all our stakeholders and engage with them frequently.

Essential Indicators

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

Granules identifies key stakeholder groups through a systematic process that involves assessing and understanding the individuals, organizations, or entities that significantly impact or are impacted by our operations and decisions. Our approach includes:

- Stakeholder Mapping: We conduct stakeholder mapping exercises to identify and prioritize groups based on their influence, interests, and involvement with our business. This helps us understand our key stakeholders and how they are connected to our activities.
- Engagement and Feedback: We engage directly with stakeholders through various channels such as surveys, consultations, and feedback mechanisms. This interaction allows us to gather insights into their expectations, concerns, and perspectives.
- Impact Assessment: We assess the potential impact of our operations on different stakeholder groups and vice versa. This helps us prioritize stakeholders who may be significantly affected by our decisions or have a critical role in our success.
- Continuous Review: Our stakeholder identification process is dynamic and ongoing. We regularly review and update our list of stakeholders to reflect changes in our business environment, stakeholder interests, and emerging issues.

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

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors/ Shareholders	No	<ul style="list-style-type: none">• Investor and analyst meetings• Presentations at industry forums• Circulation of the Annual Report and Sustainability Report• Communicating Financial Results to shareholders• AGM	Annually/ Half yearly/ Quarterly/ Need-based	<p>Our investors and shareholders provide essential financial resources, which are crucial in supporting Granules' sustainable business growth.</p> <p>Key topics of interest for our investors and shareholders include our economic performance, sustainability reporting, disclosures, and transparent disclosure of our overall performance metrics.</p>
Customers	No	Customer Meets and Feedback	Half-yearly, and need-based	<p>Our customers provide valuable input that helps us understand their requirements. This enables us to strengthen our product portfolio and serve them better. Key topics of interest:</p> <ul style="list-style-type: none">• Affordable medicines• Access to healthcare• Emergency medicines



Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Suppliers and business partners	No	<ul style="list-style-type: none"> • Supplier Meets Visits • Supplier audit Facility visits • Strategic business partner training and development 	Event-based and need-based	<p>We depend on our suppliers and business partners for critical business input. We must understand their challenges and expectations to ensure business continuity and encourage sustainable business practices. Key topics of interest:</p> <ul style="list-style-type: none"> • Business ethics and transparency • Status of compliance • Training and development of partners and suppliers • The environmental footprint of operations
Employees	No	<ul style="list-style-type: none"> • Monthly and quarterly in-house publications • Quarterly communication by the Senior Leadership team • HR Communications • Engagement Programs 	Regular and need-based	<p>We believe that our employees' collective efforts and passion determine our productivity and profitability. We are committed to meeting their aspirations and ensuring satisfaction and growth</p> <p>Key topics of interest:</p> <ul style="list-style-type: none"> • Career planning and skill development • Market-based compensation, benefits, and amenities • Employee welfare programs
Workers	No	<ul style="list-style-type: none"> • Daily/Monthly and quarterly in-house publications • HR Communications • Safety Programs 	Regular and need-based	<p>We are committed to Health and well-being of our Workers.</p> <p>Key topics of interest</p> <ul style="list-style-type: none"> • Occupational health and safety • Safety Awareness • Welfare programs
Communities and non-governmental organizations	Yes	Interactions through CSR initiatives	Continuous and need-based	<p>Connecting with local communities gives us a better understanding of their needs. It helps us contribute meaningfully to sustainable community development. Our partnerships with NGOs and other organizations facilitate our efforts towards creating shared value. Key topics of interest</p> <ul style="list-style-type: none"> • Infrastructure development • Education and healthcare • Environmental protection

Leadership Indicators

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

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

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

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

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

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

Granules is committed to engaging with and addressing the concerns of vulnerable and marginalized stakeholder groups as part of our Corporate Social Responsibility (CSR) initiatives. We actively collaborate with local communities, NGOs, and government bodies to understand and respond to their needs effectively.

Our actions include various outreach programs focusing on education, healthcare, and skill development to empower marginalized groups.

We also prioritize inclusive practices in our employment and procurement processes, promoting diversity and equitable opportunities. Granules India Limited has initiated impactful CSR efforts on skill development and community health. Through our partnership with Swarna Bharat Trust, we launched Pharma Pathshala, offering students skill development programs and employment opportunities. Participants engage in the "Earn & Learn" program, gaining technical skills through various training initiatives. They receive on-the-job training and opportunities for higher education under the "Self-Managed Team" framework, enhancing their employability in the pharmaceutical sector.

Additionally, we prioritize community health by establishing a public health clinic in Bonthapally Village near our API facility in Hyderabad. The clinic is staffed with a qualified medical doctor and paramedic and provides essential primary healthcare services. This includes treating minor ailments such as fevers, pains, and injuries and ensuring local residents have access to reliable healthcare close to home. These initiatives underscore our commitment to fostering skill development and improving community health outcomes in our operations.



PRINCIPLE 5 - BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

At Granules, We uphold the principles of dignity, freedom, and fairness in the workplace, ensuring every employee is respected and valued. We are committed to creating an inclusive environment where all team members can work without discrimination or bias.

Essential Indicators

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

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
EMPLOYEES						
Permanent	4057	4057	100%	3650	3650	100 %
Other than Permanent	NA	NA	NA	NA	NA	NA
Total employees	4057	4057	100%	3650	3650	100%
WORKERS						
Permanent	NA	NA	NA	NA	NA	NA
Other than Permanent	2467	2467	100%	2223	2223	100%
Total workers	2467	2467	100%	2223	2223	100%

2. Details of minimum wages paid to employees and workers:

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. F	% (F/D)
EMPLOYEES										
Permanent	4057	0	0%	4057	100%	3650	0	0%	3650	100%
Male	3741	0	0%	3741	100%	3410	0	0%	3410	100%
Female	316	0	0%	316	100%	240	0	0%	240	100%
Non-permanent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
WORKERS										
Permanent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Non-permanent	2467	2445	99%	22	1%	2,223	2,117	95%	106	5%
Male	2022	2000	99%	22	1%	1,806	1,700	94%	106	6%
Female	445	445	100%	-	-	417	417	100%	-	-

3. Details of remuneration/salary/wages:

a) Median remuneration / wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)*	9	4.64 crore/ Per Annum	3*	1.16 crore/Per Annum
KMP (other than BoD)	4	11.87 crore/Per Annum	3*	1.81 crore/Per Annum
Employees other than BOD & KMP	3741	4.77 lakh/ Per Annum	316	3.74 lakh/Per Annum
Workers			NA	

*one of the female director not taken any remuneration for FY 23-24

b) Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	6.69	7.17

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

Granules maintains a zero-tolerance policy towards non-compliant behavior, and we are dedicated to addressing any concerns or issues related to violations of the Code of Conduct. As a standard practice, we encourage stakeholders to discuss or report concerns to their managers. However, if any individual is uncomfortable reporting a potential violation to their supervisor, they are encouraged to raise their concerns with the Head of Department, Unit HR Manager, or Compliance Officer. This approach ensures that all concerns are handled promptly and following our commitment to ethical conduct and accountability.

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

Granules has established robust internal mechanisms to effectively address grievances related to human rights issues. Employees and stakeholders are encouraged to report any concerns regarding human rights violations through multiple channels, including direct communication with their managers, the Head of the Department, the Unit HR Manager, or the Compliance Officer.

Upon receiving a grievance, Granules follows structured procedures outlined in our policies, ensuring confidentiality and sensitivity throughout the investigation. We prioritize prompt and impartial handling of grievances to uphold our commitment to ethical conduct and respect for human rights. Our goal is to resolve issues swiftly and appropriately, fostering a workplace environment where human rights are safeguarded and respected.

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

Raising Concern	As a standard practice, we encourage individuals to discuss or report any concerns regarding potential violations with their manager. If someone is uncomfortable reporting to their supervisor, they can raise their concern with the Head of the Department, Unit HR Manager, or Compliance Officer.
Reporting Violation	Employees are encouraged to promptly report any potential or actual violations of laws, company policies, or the Code of Conduct to their Manager/Supervisor, Unit HR, CFO, CHRO, or Compliance Officer.
Investigation	The Code of Business Conduct Committee will promptly and thoroughly investigate every concern and report of violation as per applicable law and procedures.
Disciplinary Action	Based on the nature and particulars of the violation, the investigation committee recommends corrective and preventive action, including disciplinary action.
No Retaliation	We strictly prohibit retaliation against individuals who report alleged violations in good faith. Our Policies ensures that employees can raise concerns without fear of reprisal, fostering a culture of transparency and accountability within our.



Whistleblower Policy:

We have devised an effective whistleblower mechanism enabling employees to freely communicate their concerns about illegal or unethical practices. The Company has also established a vigil mechanism for employees to report concerns about any unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The prime objective of this policy is to provide employees and Directors an avenue to raise concerns in line with the commitment of Granules to the highest possible standards of ethical, moral, and legal business conduct and its commitment to open, fearless, genuine concern communication. The pre-eminent intention of this policy is to provide necessary safeguards for the protection of employees from reprisals or victimization for whistleblowing in good faith.

Prevention of Sexual Harassment Policy (POSH):

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

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

Category	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	0	1	0	0
Discrimination at workplace	0	0	0	0	0	0
Child Labor	0	0	0	0	0	0
Forced Labor /Involuntary Labor	0	0	0	0	0	0
Wages	0	0	0	0	0	0
Other issues	0	0	0	0	0	0

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	1
Complaints on POSH as a % of female employees/workers	0	0.15
Complaints on POSH upheld	0	0

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

Granules is committed to maintaining a workplace free from harassment, including sexual harassment, with zero tolerance for such behavior. We encourage reporting of any harassment concerns and promptly address complaints through our established procedures outlined in our standing orders. Our policies, including the Code of Conduct and Prevention of Sexual Harassment (POSH) policies, are in place to prevent and resolve such incidents effectively.

Reports of violations must be made in good faith. Regardless of the interpretation of facts, our commitment is to treat all reports fairly. However, filing a false report with malicious intent violates our Code of Conduct. Each individual at Granules plays a vital role in upholding the standards outlined in our Code of Conduct.

To enhance transparency and confidentiality, we have established an "Anonymous Reporting" channel that employees can use to report violations confidentially and/or anonymously. Confidentiality is strictly maintained, and information is shared only on a need-to-know basis to conduct a thorough review.

Granules strictly prohibits any form of retaliation against individuals who make reports in good faith or cooperate in investigating such reports. We are dedicated to creating a supportive environment where all employees feel safe, respected, and empowered to raise concerns without fear of reprisal.

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

Yes, Granules has integrated compliance with human rights standards into its standard terms and conditions for supplier agreements and contracts. This commitment is also articulated in Granules' Supplier Code of Conduct, which mandates that suppliers adhere to applicable laws, labor standards, and environmental regulations and uphold principles of ethics and integrity in their operations. This comprehensive framework ensures that all parties involved in Granules' supply chain are aligned with ethical practices and responsible conduct, thereby promoting a fair and respectful business environment across our operations.

10. Assessments for the year:

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

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

No critical concerns have arisen from our external human rights assessment. Our ongoing commitment to ethical conduct and adherence to human rights principles ensures that we maintain a proactive stance in preventing issues before they arise. We continue to monitor our practices closely to uphold a respectful and responsible workplace environment consistent with our organizational values and legal obligations.

Leadership Indicators

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

At Granules, there have been no instances of human rights violations recorded, so no specific amendments to our current processes or policies are implemented.

We remain committed to upholding rigorous standards of ethical conduct and compliance with human rights principles across all operations. Should any concerns arise, our established protocols ensure prompt investigation and appropriate action following legal and ethical guidelines, reinforcing our dedication to maintaining a respectful and responsible workplace environment.

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

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

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

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

4. Details on assessment of value chain partners:

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

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

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



PRINCIPLE 6- BUSINESS SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

We at Granules underscore the interconnected nature of environmental concerns at local, regional, and global levels. We conduct assessments of the environmental impacts of our products and operations, taking measures to minimize and mitigate effects.

Essential Indicators

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

Parameter	Unit	FY 2023-24	FY 2022-23
From renewable sources			
Total electricity consumption (A)	TJ	24.79	27.23
Total fuel consumption (B)	TJ	-	-
Energy consumption through other sources (C)	TJ	-	-
Total energy consumed from renewable sources (A+B+C)	TJ	24.79	27.23
From non-renewable sources			
Total electricity consumption (D)	TJ	277.84	250.25
Total fuel consumption (E)	TJ	573.31	592.2
Energy consumption through other sources (F)	TJ	-	-
Total energy consumed from non-renewable sources (D+E+F)	TJ	851.15	842.47
Total energy consumed (A+B+C+D+E+F)	TJ	875.95	869.70
Energy intensity per rupee of turnover	TJ/Million Rupees	0.0233	0.0221
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	TJ/ Million Rupees adjusted for Purchasing Power Parity (PPP)	0.00651	0.00617
Energy intensity in terms of physical output	TJ/Tons of Production	0.0144	0.0153

- All Conversion factors of fuel density and Default energy conversion factors considered from Defra GHG Conversion Factors 2023.
- All GHG Emission Factors for Fuels considered from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- All GWP (Global Warming Potentials) Factors for gases considered from IPCC -AR6 WGI Report.
- Emission factors for grid Energy considered from Central Electricity Authority i.e. FY 2023 (0.81 tCO₂/MWh) and FY 2024 (0.716 tCO₂/MWh).
- Applied the same Methodologies and factors (IPCC, DEFRA, CEA) for FY 2023 for GHG and Energy calculations same as FY 2024
- Restated the FY 22-23 electricity consumption data.
- Calculated PPP based on 2022 data from OECD

<https://data.oecd.org/conversion/purchasing-power-parities-ppp.html>

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

Yes, the independent assurance is carried out by the British Standards Institution (BSI)

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

None of our sites/facilities are identified as designated consumers (DCs) under the Performance, Achieve, and Trade (PAT) Scheme of the Government of India,

Therefore, we do not undertake any activity related to PAT Scheme.

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

Parameter	Unit	FY 2023-24	FY 2022-23
Water withdrawal by source			
(i) Surface water	KL	0	0
(ii) Ground Water	KL	0	0
(iii) Third Party Water	KL	3,68,002	3,41,008
(iv) Seawater/ Desalinated Water	KL	0	0
(v) Others: (Rainwater Harvesting)	KL	0	11,143
Total volume of water withdrawal (in kilolitres)	KL	3,68,002	3,52,151
Total volume of water consumption (in kilolitres)	KL	2,26,082	2,83,330
Water Consumption intensity per rupee of turnover	KL/Million Rupee	6.02	7.21
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	KL/Million Rupees adjusted for Purchasing Power Parity (PPP)	1.68	2.01
Water intensity in terms of physical output	KI/Tons of Production	3.73	4.98

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

Yes, the independent assurance is carried out by the British Standards Institution (BSI)

4. Provide the following details related to water discharged:

Parameter	Water discharge by destination and level of treatment (in kilolitres)	FY 2023-24	FY 2022-23
i. To Surface water			
- No treatment		-	-
- With treatment – please specify level of treatment		-	-
ii. To Groundwater			
- No treatment		-	-
- With treatment – please specify level of treatment		-	-
iii. To Seawater			
- No treatment		-	-
- With treatment – please specify level of treatment		-	-
iv. Sent to third-parties			
- No treatment		-	-
- With treatment – please specify level of treatment		79,216 KL	68,821 KL
v. Others			
- No treatment		-	-
- With treatment – please specify level of treatment		-	-
Total water discharged (in kilolitres)		79,216 KL	68,821 KL

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

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

We treat our wastewater in ETP/ZLD plants wherever possible, and the treated water is used in utility makeup. About 39% of our wastewater is recycled and reused in the operations through our ZLD systems.

6. Please provide details of air emissions (other than GHG emissions) by the entity:

Parameter	Unit	FY 2023-24	FY 2022-23
NOx	MT	65.3	124.1
Sox	MT	198.56	230.9
Particulate matter (PM)	MT	82.08	89.3
Persistent organic pollutants (POP)		Not Available* see Note 2 below	
Volatile organic compounds (VOC)		Not Available* see Note 3 below	
Hazardous air pollutants (HAP)		Not Available* see Note 2 below	



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

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

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

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

Yes, the independent assurance is carried out by the British Standards Institution (BSI)

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	tCO ₂ e	56,254	56,265
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	tCO ₂ e	31,632	56,306
Total Scope 1 + 2 Emissions	tCO ₂ e	87,886	1,12,571
Total Scope 1 and Scope 2 emissions per rupee of turnover	tCO ₂ e/ Million Rupees	2.34	2.86
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	tCO ₂ e/Million Rupees adjusted for Purchasing Power Parity (PPP)	0.653	0.799
Total Scope 1 and Scope 2 emission intensity in terms of physical output	tCO ₂ e/ Ton of Production	1.45	1.98

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

Yes by the British Standards Institution (BSI)

Note:

- All Conversion factors of fuel density and Default energy conversion factors considered from Defra GHG Conversion Factors 2023.
- All GHG Emission Factors for Fuels considered from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- All GWP (Global Warming Potentials) Factors for gases considered from IPCC -AR6 WGI Report.
- Emission factors for grid Energy considered by Central Electricity Authority, i.e., FY 22-23 (0.81 tCO₂/MWh) and FY 23-24 (0.716 tCO₂/MWh).
- Restated the FY 22-23 electricity consumption data.

8. Does the entity have any project related to reducing Green House Gas emissions? If yes, then provide details.

During FY 23-24, Granules India Ltd implemented a range of initiatives to improve energy efficiency, reduce greenhouse gas (GHG) emissions, and conserve water across its facilities. These efforts yielded substantial energy savings and significantly bolstered the company's commitment to environmental sustainability.

A key initiative included the replacement of outdated vacuum pumps at GIL-1 Bonthapally, resulting in a notable energy saving of 70,296 KWH. Upgrading conventional belt-driven blower motors at GIL-GGP to energy-efficient EC blowers saved 474,272 KWH. Implementing interlocks on RT pumps at GIL-1 Bonthapally, which automatically shut down upon reaching preset temperatures, contributed an additional 28,244 KWH in energy savings. Moreover, the installation of rooftop solar panels at GIL-GGP facilitated the direct generation and utilization of solar energy. Additional measures such as implementing auto cut-off systems for cooling tower fans, installing Variable Frequency Drives (VFDs) on motors, and integrating automatic tube cleaning systems for chillers also resulted in significant energy efficiencies.

In total, these initiatives achieved an annual energy savings of 915,945 KWH. Furthermore, by purchasing Renewable Energy Certificates amounting to 33,000 MWh and harnessing solar energy, Granules India Ltd avoided emitting 28,700 metric tons of GHG emissions, thereby contributing significantly to environmental protection. Notably, GIL-GGP alone achieved a commendable 17.98% utilization of renewable energy. These energy-saving measures also led to substantial financial savings, totalling approximately INR 120.23 lakhs across all units.

9. Provide details related to waste management by the entity:

Parameter	FY 2023-24	FY 2022-23
Total waste generated (in metric tonnes)		
Plastic waste (A)	1106.6	1081.7
E-Waste (B)	1.3	1.6
Bio-Medical Waste (C)	3.02	1.2
Construction and demolition waste (D)	0	0
Battery Waste (E)*	0.2	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	3953.51	3137.0
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) Metal Scrap (MS, Aluminium etc) Paper and Paper Board Glass Waste Wood Waste	2172.9	1946.9
Total (A+B+C+D+E+F+G+H)	7236	6169.0
Waste intensity per rupee of turnover	0.193	0.157
Waste intensity per rupee of turnover adjusted Purchasing for Power Parity (PPP)	0.054	0.044
Waste intensity in terms of physical output (MT/	0.119	0.108
*Old batteries are disposed to the vendor on “buy back system”		
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	3281	3034
(ii) Re-used	-	-
(iii) Other recovery operations (safely disposed)	-	-
Total	3281	3034
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	75	64.5
(ii) Landfilling	398	406.3
(iii) Other disposal operations (Co-processing)	3482	2664.1
Total	3955	3134.9

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

Yes by the British Standards Institution (BSI)

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

Granules operate in a sector producing significant amounts of hazardous and non-hazardous waste. Our manufacturing facilities generate substantial amounts of solvents and other hazardous waste, which we aim to reduce through process optimization and co-processing initiatives. Under our clean manufacturing practices, all solid wastes from our plants are either co-incinerated in cement industries or handled by authorized vendors.

Our Waste Management systems and processes are guided by ISO 14001. We segregate hazardous and non-hazardous waste at the source and store them in dedicated areas within our facilities. After thorough sorting, hazardous waste is stored by category in designated hazardous waste storage areas and disposed of at Pollution Control Board-approved facilities in compliance with relevant regulations.

We registered with CPCB under the Extended Producer Responsibility (EPR) under the Importers category in the current reporting period, and our waste management plan is aligned with the EPR guidelines.

100% of the non-hazardous waste generated at our manufacturing sites is sent to authorized recyclers for recycling. Approximately 88% of our hazardous waste undergoes energy recovery through co-processing, and the rest is disposed of through Authorized vendors. These measures ensure we manage waste responsibly, mitigate environmental impact, and adhere to regulatory requirements effectively.



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

We do not have any factories in ecologically sensitive areas

Sl. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval/ clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

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

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

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

Yes. We comply with all the applicable environmental laws/regulations/guidelines in India.

Sl. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any
Not Applicable				

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area: Hyderabad (Gagillapur, Bonthapally, Jeedimetla, Pragathi Nagar, Shameerpet), Parawada Visakhapatnam (Parawada) and Pune
- (ii) Nature of operations: Manufacturing and R&D
- (iii) Water withdrawal, consumption and discharge in the following format

Parameter	Unit	FY 2023-24	FY 2022-23
Water withdrawal by source			
(i) Surface water	KL	0	0
(ii) Ground Water	KL	0	0
(iii) Third Party Water	KL	3,68,002	3,41,008
(iv) Seawater/ Desalinated Water	KL	0	0
(v) Others : (Rainwater Harvesting)	KL	0	11,143
Total volume of water withdrawal (in kilolitres)	KL	3,68,002	3,52,151
Total volume of water consumption (in kilolitres)	KL	2,26,082	2,83,330
Water Consumption intensity per rupee of turnover	KL/Million Rupee	6.02	7.21
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	KL/Million Rupees adjusted for Purchasing Power Parity (PPP)	1.68	2.01
Water intensity in terms of physical output	KI/Tons of Production	3.73	4.98

Water discharge by destination and level of treatment (in kilolitres)

	FY 2023-24	FY 2022-23
i. To Surface water		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
ii. To Groundwater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
iii. To Seawater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
iv. Sent to third-parties		
- No treatment	-	-
- With treatment – please specify level of treatment	79,216 KL	68,821 KL
v. Others		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	79,216 KL	68,821 KL

2. Please provide details of total Scope 3 emissions & its intensity:

Parameter	Unit	FY 2023-24	FY 2022-23
Category 1 - Purchased Goods & Services	tCO ₂ e	5,14,516	4,95,807
Category 2 - Capital Goods	tCO ₂ e	10,265	12,205
Category 3 - Fuel and Energy Related Activities	tCO ₂ e	22,579	20,879
Category 4 - Upstream Transportation & Distribution	tCO ₂ e	8,557	8,392
Category 5 - Waste Generated from Operations	tCO ₂ e	3,571	2,992
Category 6 - Business Travel	tCO ₂ e	850	295
Category 7 - Employee Commuting	tCO ₂ e	1,571	1,476
Category 8 - Upstream Leased Assets	tCO ₂ e	1,628	765
Category 9 - Downstream Transportation & Distribution	tCO ₂ e	24,827	22,381
Category 10 - Processing of Sold Products	tCO ₂ e	41,187	46,658
Category 11 - Use of Sold Products	tCO ₂ e	0	0
Category 12 - End of Life Treatment of sold products	tCO ₂ e	4,287	4,031
Category 13 - Downstream Leased Assets	tCO ₂ e	0	0
Category 14 - Franchises	tCO ₂ e	0	0
Category 15 - Investments	tCO ₂ e	0	0
Total Scope 3 emissions (Break-up of the GHG into CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, if available)	tCO₂e	6,33,837	6,15,882
Total Scope 3 emissions per rupee of turnover	tCO₂e/INR	16.88	15.67
Scope 3 emission Intensity in terms of physical output	tCO ₂ e/ Tons of Production)	10.45	10.82

Note: Category 11, 13, 14, 15 are Not Applicable, as this categories is not relevant to Granules



Granules Scope 3 quantification methodology is aligned with the GHG accounting standard and ISO 14064, which provides guidance on the quantification and reporting of greenhouse gas emissions. Due to variations in data availability and the nature of each category, we have employed different methodologies for different categories as per below table:

Scope 3 Category No	Scope 3 Category Description	Methodology
1	Purchased Goods and Services	Supplier-specific method (~85%), Hybrid method (~15%)
2	Capital Goods	Hybrid method/ Average-product method
3	Fuel- and Energy-Related Activities	Average-data method
4	Upstream Transportation and Distribution	Distance-based method
5	Waste Generated in Operations	Waste-type-specific method
6	Business Travel	Distance-based method
7	Employee Commuting	Fuel-based method
8	Upstream Leased Assets	Lessor-specific method
9	Downstream Transportation and Distribution	Distance-based method
10	Processing of Sold Products	Average-data method
11	Use of Sold Products	Not Applicable, as this category is not relevant
12	End-of-Life Treatment of Sold Products	Average-data method
13	Downstream Leased Assets	Not Applicable, as this category is not relevant
14	Franchises	Not Applicable, as this category is not relevant
15	Investments	Not Applicable, as this category is not relevant

We prioritize the supplier-specific method across more than 80% of our value chain, enabling us to access precise emissions data directly from our partners. This approach captures the distinct practices and efficiencies of each supplier, fostering transparency and accountability.

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

Our company does not operate in ecologically sensitive areas.

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

At Granules, we recognize the critical importance of resources and continuously strive to optimize our utilization through ongoing improvements and operational excellence.

In FY 24, we partnered with Siemens to identify energy efficiency measures and Carbon emission reduction measures (CERMs) in our facilities. This collaboration resulted in a roadmap to decarbonize Scope 1 and 2 emissions, and we implemented various energy-saving initiatives based on their assessments. One significant initiative included replacing outdated vacuum pumps at GIL-1 Bonthapally, resulting in a substantial energy saving of 70,296 KWH. Additionally, we replaced conventional belt-driven blower motors at GIL-GGP with energy-efficient EC blowers, saving 474,272 KWH.

At GIL-1 Bonthapally, we installed interlocks on RT pumps to automatically shut down when the set temperature is reached, saving an additional 28,244 KWH. Furthermore, installing rooftop solar panels at GIL-GGP allowed us to generate and utilize solar energy directly. Other measures included implementing auto cut-off systems for cooling tower fans, installing Variable Frequency Drives (VFDs) on motors, and incorporating automatic tube cleaning systems for chillers, resulting in significant energy efficiencies.

In total, these initiatives led to an annual energy saving of 915,945 KWH. Moreover, by purchasing Renewable Energy Certificates amounting to 33,000 MWh and leveraging solar energy, Granules avoided approximately 28,700 metric tons of greenhouse gas emissions, substantially contributing to environmental protection. GIL-GGP alone achieved an impressive 17.98% utilization of renewable energy. Additionally, these energy-saving efforts resulted in significant financial savings, totalling approximately INR 120.23 lakhs across all units.

Sl. No.	Initiatives Undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Zero Liquid Discharge System	We maintain Zero Liquid Discharge Systems and Effluent Treatment Plants with RO Recovery Systems to ensure that the effluents generated are treated to minimize the environmental impact and reuse resources wherever possible.	Zero Effluent is sent outside the manufacturing unit.
2.	Implementation of Rooftop Solar	We have installed 320 KWp of solar in the Gagillapur unit and are in the process of commissioning another 660 KWp.	359 MWh of power generated.
3.	Purchase of Renewable Energy through PPA	We procured 6528 MWh of Electricity for Gagillapur unit.	4674 MtCO ₂ e of GHG emissions reduced.
4.	Purchase of Renewable Energy Certificates	We have procured 33000MWh of RECs for our Gagillapur and Bonthapally unit.	23628 MtCO ₂ e of GHG emissions are offsetted.

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

Granules has implemented an Enterprise-wide Risk Management (ERM) framework to identify, prioritize, and continuously monitor the most critical business risks. The board established a dedicated internal Risk committee to oversee and assess these risks continuously.

Granules has established a structured process to monitor its current risk profile and adjust priorities as part of a comprehensive long-term risk mitigation strategy. Granules has engaged third-party to develop a Business Continuity Plan (BCP) and support its Risk Management Program review as part of the ERM framework. The Draft BCP is undergoing review to ensure robustness and readiness.

Granules also has disaster management plans in place to address natural calamities. These plans include onsite emergency procedures and tailored disaster management strategies at the unit level, considering various potential scenarios. This holistic approach underscores Granules' commitment to ensuring business continuity, safeguarding operations, and protecting its stakeholders in the face of unforeseen events.

6. Disclose any significant adverse impact to the environment arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

No significant adverse impact has been observed during value chain assessments. However, we understand that climate change impacts all sectors and all sectors have an impact on the climate. Therefore we engaged with our suppliers to evaluate the climate impact in the value chain due to carbon emissions occurring on account of manufacturing products for Granules. We have committed and established a strategy to reduce carbon emissions.

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

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

PRINCIPLE 7 - BUSINESS, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Granules is committed to shaping public policy related to its area of interest. It believes in the above statements and has been associated with a national trade organization to promote policies and regulations related to pharma companies in the country. Taking responsibility for its business responsibilities, Granules has transparently disclosed this in its BRSR.



Essential Indicators

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

The company is associated with various industry chambers/associations as listed below:

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

Sl. No.	Name of the trade and industry chambers / associations	Reach of trade and industry chambers/ associations (State/National)
1.	Center for Fourth Industrial Revolution (C4IR)- World Economic Forum	International
2.	Confederation of Indian Industry (CII)	National
3.	Bulk Drug Manufacturer Association of India (BDMAI)	National
4.	The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI)	State

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

Name of the Authority	Brief of the case	Corrective Action Taken
		None

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

Leadership Indicators

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

Granules, as an organization, as an active member of the Bulk Drug Manufacturer Association of India (BDMAI), the Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), and the Confederation of Indian Industry (CII) presents its views on matters related to the interest of Industry and presents its position through them. We participate in policy discussions with regulators and government authorities, which serve the Company's interests as well as the interests of wider communities.

Sl. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
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Granules is an active member of the Bulk Drug Manufacturer Association of India (BDMAI), which represents the pharmaceutical industry and takes proactive measures to benefit the industry and the wider community.

PRINCIPLE 8 - BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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

Essential Indicators

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

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

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity

Sl. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	Amounts paid to PAFs in the FY (In ₹)	Amounts paid to PAFs in the FY (In ₹)
Not Applicable, Since all our operations are in the Industrial area						

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

Granules has established a Grievance redressal Policy to effectively address the concerns of the community where we operate. To facilitate transparency and accessibility, Granules provides multiple communication channels as part of its Grievance Policy. These include direct meetings, email correspondence, and dedicated grievance forms. Each grievance is handled promptly, committed to providing a timely resolution or response per the established timeline.

Individuals can approach the unit's HR manager to formally document their grievances and submit a written complaint. Once received, the plant head reviews the grievance in consultation with relevant stakeholders within the organization. Each grievance is handled promptly, with a commitment to resolving or responding within 30 days.

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

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	5.1%	3%
Sourced directly from within the district and neighboring districts*	46%	48%

*- Procured within India

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost:

Location	FY 2023-24	FY 2022-23
Rural	80.84 %	83.64%
Semi-urban
Urban	19.16 %	16.35 %
Metropolitan

Leadership Indicators

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

Details of negative social impact identified	Corrective action taken
Not applicable	

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

Sl. No.	State	Aspirational district	Amount spent (in ₹)
			Nil

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

Our Sustainable Procurement policy prioritizes suppliers from marginalized or vulnerable groups while maintaining product quality standards. We also support MSMEs and Small Suppliers. This commitment ensures that our procurement decisions contribute positively to social equity without compromising product quality. We aim to support suppliers who uphold fair Labor practices and promote diversity. This approach aligns our sourcing practices with ethical standards and fosters inclusive economic growth in our supply chain.

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

We are in the process of collecting this information across our value chain

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

We are in the process of collecting this information across our value chain



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

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

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

Name of authority	Brief of the Case	Corrective action taken
Not applicable		

6. Details of beneficiaries of CSR projects:

Sl. No.	CSR Projects (in FY 2023-24)	No. of persons benefitted from CSR Projects	% Of beneficiaries from vulnerable and marginalized groups
1.	Placement Linked skilled development program for rural youth who have completed their 10+2	1200 Students	90%
2.	Two overhead water tanks have been constructed to address the drinking water needs of Bonthapally and Veerannagudem villages. With capacities of 150 KL and 100 KL respectively	5000 Residents	80%
3.	Granules India serves as the title sponsor for the Granules Green Kanha Run, organized by the Heartfulness Institute	3500+ Runners	NA
4.	Granules India has funded Helping Hands of Rotary for the acquisition of equipment dedicated to providing affordable dialysis services for economically disadvantaged individuals	284 people until March 2024	100%
5.	In association with LVPEI (L V Prasad Eye Institute), Granules India has undertaken a significant initiative by organizing free eye screening camps in seven schools around its unit.	1507 Students	100%
6.	To suffice the teaching staff in ZP High School and MPP School, Bonthapally	600 Students	80%
7.	Granules India actively supports the "Talent Hunt program" by the Egra Agriculture and Rural Development Society, focusing on tribal students in West Bengal.	180 Students	100%
8.	Sponsorship for conducting Telangana State Championships 2023	180	NA
9.	Granules has provided valuable support by appointing five dedicated Vidya Volunteers. These volunteers are crucial in assisting the teaching staff, enhancing the learning environment, and contributing to the student's academic growth.	560 Students	100%

PRINCIPLE 9 - BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

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

Essential Indicators

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

- At Granules India, we strongly emphasize providing our customers with the best quality products. We believe in delivering quality products and on-time service to all our customers. To achieve this, our marketing team actively collects customer feedback through various channels, including surveys, direct communications, and customer service interactions. This feedback is then processed and analyzed to identify areas for improvement and ensure that our products and services meet customer expectations.

- All customer complaints received are resolved within the timeframe stated in our quality standard operating procedures, with proposed improvements incorporated into our processes. We ensure that no complaints remain unresolved (at the end of the stipulated period for resolution) by the end of the financial year. Each logged consumer complaint is thoroughly investigated, and a detailed response with action plans is provided to our customers and respective internal stakeholders as required. This systematic approach helps us address issues promptly and implement necessary changes to enhance product quality and customer satisfaction.
- Integrating customer feedback into our continuous improvement efforts demonstrates our commitment to excellence and dedication to maintaining the highest standards in everything we do. This proactive approach ensures that our customers receive the best products and services, reinforcing our reputation for quality and reliability.

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

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

Granules complies with all regulatory requirements regarding the display of information on product labels. Our labels clearly show the product name, strength, batch number, expiry date, and manufacturer address. This ensures that consumers have all the essential information they need.

We emphasize the importance of safe and responsible usage, providing clear instructions on using the product correctly. Our product brochures also contain information on recycling and safe disposal, guiding consumers on managing the product responsibly after use. This comprehensive approach meets regulatory standards and promotes environmental consciousness and social responsibility, ensuring the well-being of our customers and the community.

3. Number of consumer complaints:

	FY 2023-24		Remarks	FY 2022-23		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	Nil	0	0	Nil
Advertising	0	0	Nil	0	0	Nil
Cyber-security	0	0	Nil	0	0	Nil
Delivery of essential services	0	0	Nil	0	0	Nil
Restrictive Trade Practices	0	0	Nil	0	0	Nil
Unfair Trade Practices	0	0	Nil	0	0	Nil
Other -Packaging, Quality, Transit and others	486	0	All the complaints were resolved during the reporting period	414	0	Nil

4. Details of instances of product recalls on accounts of safety issues

	Number	Reasons for recall
Voluntary recalls	0	NA
Forced recalls	0	NA

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

Yes. Our Privacy Policy aims to ensure the privacy of Personal Information processed by Granules by implementing necessary controls and complying with legal and regulatory requirements. It also seeks to create a culture of privacy by promoting employee awareness. The policy applies to all employees, including contractual employees and interns. Our commitment to data privacy is evident from our emphasis on protecting personal information, which is crucial in today's digital age, where data breaches are a constant threat. The policy helps to build trust among our customers and stakeholders, demonstrating our commitment to data privacy and protection.

Our Privacy Policy is available on our Intranet and is communicated to all relevant stakeholders as needed.



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

No product recalls or penalties from regulatory authorities regarding safety and product quality were recorded in the reporting year. Therefore, no corrective actions are needed or required.

At Granules, we have established strong quality systems to prevent such issues. These systems ensure our products are safe and high-quality throughout their shelf life. Our commitment to quality helps us avoid any problems and maintain the trust of our customers and regulatory bodies. We continuously monitor and improve our processes to uphold these high standards and ensure the best outcomes for our consumers.

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches along with impact:

At Granules, there were no instances of consumer and product data breaches during the reporting year

b. Percentage of data breaches involving personally identifiable information of customers):

No incidents involving a breach of personally identifiable information were recorded in the reporting year.

Leadership Indicators

1. Channels / platforms where information on products and services of the Company can be accessed

All our product catalogs are available on our website. The respective links are provided below:

- **Active Pharmaceutical Ingredients Catalog**

<https://granulesindia.com/products/active-pharmaceutical-ingredients-apis/active-pharmaceutical-ingredients-catalog/>

- **Pharmaceutical Formulations Intermediates Catalog**

<https://granulesindia.com/products/pharmaceutical-formulations-intermediates/>

- **Finished Dosages**

<https://granulesindia.com/products/finished-dosages/>

- **High Potent Products Catalog**

<https://granulesindia.com/products/high-potent-product/>

2. Steps taken to inform and educate consumers, especially vulnerable and marginalized consumers, about safe and responsible usage of products and services.

- We provide clear instructions that describe the product's active ingredients, caution for consumption or usage, possible side effects, and guidelines for storage and disposal.
- For each product, we include a material safety data sheet that offers detailed information on handling and storage.
- Additionally, every pack comes with a product leaflet containing essential information about drug administration, compositions, and potential side effects. This information is designed to be self-explanatory and easy to understand.
- To ensure safety, we also include very specific disclaimers on all medicines, emphasizing that they should only be used as directed by healthcare professionals.
- We aim to ensure consumers have all the information they need to use our products safely and effectively.

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

At Granules, mail communications are sent to inform consumers of any service disruption or discontinuation risk. These notifications ensure that all consumers know of potential issues, providing timely and clear information.

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

Yes, Granules displays the Product name, strength, batch number, expiry date, and manufacturer address details on product labels in a readable format, as per regulatory requirements.

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

Yes, Our Customer Relations and Marketing team collects customer feedback directly through interactions with all our customers. The feedback is recorded and processed by the respective stakeholders at Granules.

Management Discussion and Analysis

Global Economic Review

In 2023, the global economy showed resilience despite significant challenges. The year began with supply-chain disruptions due to lingering post-pandemic effects, followed by surging inflation and a global energy and food crisis triggered by geopolitical tensions between Russia and Ukraine. Additionally, attacks on commercial shipping in the Red Sea caused a temporary rise in global transportation costs. Despite these challenges, global GDP grew by an estimated 3.2%, supported by robust employment growth, government spending and resilient household consumption. Though headline inflation peaked at 8.7% in 2022, causing economic concerns, it moderated to an average of 6.8% in 2023 due to synchronized monetary policy tightening by central banks. World Bank predicts high interest rates in 2024 and 2025 due to higher and stable commodity prices, geopolitical concerns and possibility of higher rates for longer in the US.

Despite geopolitical tensions and lingering economic headwinds, the outlook for the global economy is improving. The May 2024 Chief Economists Outlook from the World Economic Forum found that only 17% of economists surveyed expect conditions to worsen, a significant improvement compared to the 56% recorded in January 2024. This indicates a tempering down of the negative sentiment.

Indian Economy

In FY 2023-24, the Indian economy exhibited robust growth, with a GDP expansion of 8.2%. Various factors supported this growth, including strong private consumption, a government push for capital expenditure, and overall positive sentiment. Key sectors like manufacturing performed well, contributing to the overall economic expansion. India's external sector remained resilient, with healthy merchandise exports and strong foreign investment inflows. Government support through increased capital expenditure and agricultural activities also played a crucial role in boosting economic growth. A strong corporate profitability and improved bank balance sheets facilitated increased credit flow across sectors, boosting economic activity. Inflation trend in FY 2023-24 showed a gradual decrease, with the inflation rate dropping to 4.85% in March 2024, the lowest in four months.

Looking ahead to FY 2024-25, the outlook is promising. The IMF projects a growth rate of 6.8% for India, while the Reserve Bank of India forecasts a growth rate of 7.2%. The government's support in the form of increased capital expenditure outlay for FY 2024-25, will be a key growth driver. Private consumption and public investment will likely fuel growth, while inflation moderation will likely support consumption trends.

Global Pharma Outlook

The global pharmaceutical industry experienced a significant surge in spending in 2023, driven by shifting usage trends across geographies. This growth spurt has led to a substantial increase in the outlook for medicine spending, with a

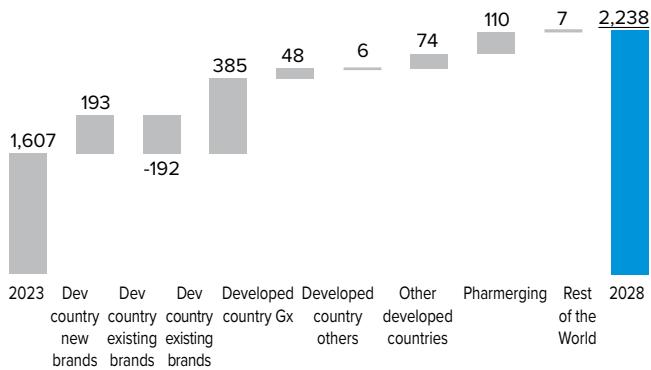
projected compound annual growth rate (CAGR) of 5-8% through 2028. Global spending on medicines at list prices is expected to reach \$2.3 trillion by then.

The growth will be driven primarily by rapid expansion in emerging markets such as China, India, and other Asian regions. In contrast, North America, Western Europe, and Japan are expected to exhibit slower growth due to their already higher per capita use of medicines. Immunology, endocrinology, and oncology therapies have been driving medicine usage, with immunotherapy treatments witnessing a 12% rise in utilization since 2018. GLP-1 agonist medicines have also been rapid uptake since 2021 in both diabetes and obesity, predominantly in the U.S. and other developed markets.

The global pharmaceutical industry is poised for continued growth and innovation, driven by emerging markets, therapeutic advancements, and evolving healthcare needs. Despite challenges, the industry remains resilient and adaptable, ensuring it remains at the forefront of improving global health outcomes and accessibility to essential medicines.

Exhibit 1

Global spending on medicine use (\$ bn)



Source : IQVIA Report titled, Global Use of Medicines 2024, Outlook to 2028

Exhibit 2

Global Pharmaceutical Market Size and Growth Forecast (2024 to 2028) (\$ bn)

Regions	2023	2019-2023 CAGR	2028	2024-2028 CAGR
Developed Markets	1,276	7.2%	1,775-1,805	5-8%
Pharmerging Markets	304	7.8%	400-430	10-13%
Other Markets	28	5.6%	33-37	3-6%
Global Pharmaceutical Market	1,607	7.3%	2,225-2,255	6-9%

Source : IQVIA Report titled, Global Use of Medicines 2024, Outlook to 2028

Global Generics Market

The growing use of generic drugs in developed and developing countries reflects the global shift towards more affordable healthcare. Generics have enhanced global health by improving access to treatment and saving costs for both healthcare systems and patients without compromising efficacy.

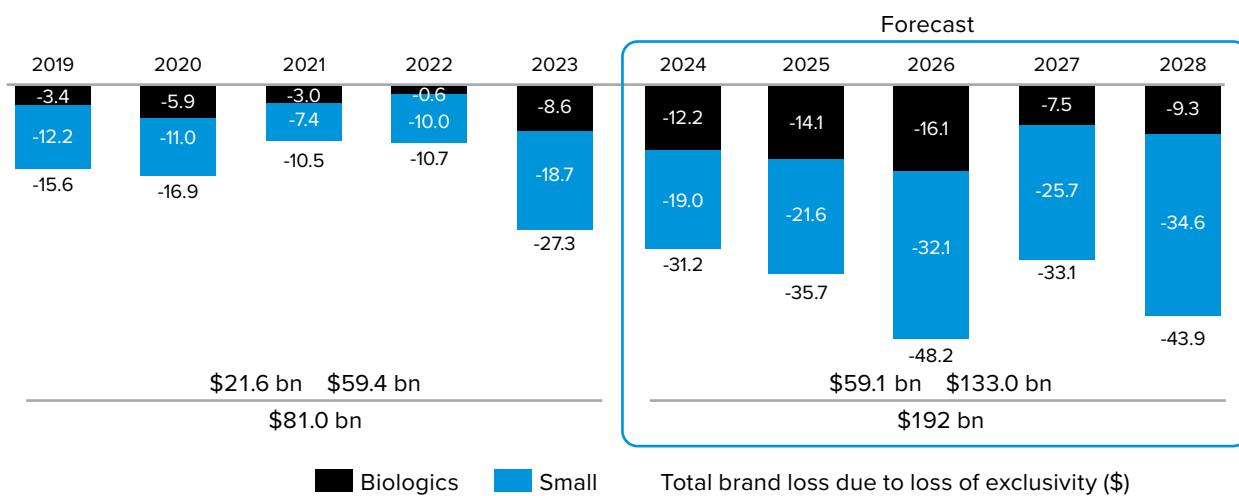
The growth trajectory of generics in various markets worldwide has been on a consistent upward trend. Presently, generic medicines occupy a significant 60%–80% share of all pharmaceutical volume sales in major markets around the world. This shift towards generics has been spurred partially by the expiration of patents on several branded and

blockbuster drugs. Ultimately, the main driving factor is the dramatic rise in healthcare expenditures around the world. As the ageing population increases with a corresponding increase in the prevalence of chronic diseases, many countries, have witnessed health spending outpace gross domestic product (GDP) growth.

The global generic market size grew to \$319 at a CAGR of 4% between 2017 to 2022. Across the leading ten developed markets, the impact of brand losses of exclusivity in the next five years will likely increase by \$111 bn to \$192 bn, with \$133 bn from small molecules and \$59 bn from biologics, thus driving the growth in generics volume.

Exhibit 3

Impact of brand losses of exclusivity in 10 developed countries during 2019-2028 (\$ bn)



Source: IQVIA Market Prognosis, Sep 2023; IQVIA Institute, Nov 2023

US Market

Overall spending growth in the US medicine market slowed to 2.5% in 2023, reaching \$446 bn at net price level, reflecting a sharp decline in COVID-19 vaccines and therapeutics. Excluding COVID-19 vaccines and therapeutics, spending growth accelerated to 9.9%, driven by innovation in oncology, immunology, diabetes, and obesity.

The US medicine market will likely grow at a 2-5% CAGR over the next five years, reaching \$537 bn in 2028. The key growth driver will likely be the increased usage of existing protected branded products, which will contribute substantially to overall spending over the next five years. However, the growth is expected to be impacted by the Inflation Reduction Act, which will result in spending estimates being 37% lower than invoice levels in 2023.

US Generics Market

Generic drugs are crucial in the US healthcare system, accounting for over 90% of prescriptions. The US generics market has witnessed a transformation since 1984, post implementation of the Hatch Waxman Act. Indian pharmaceutical companies supply a substantial proportion of drugs to US residents, with four out of ten of all prescriptions filled in the US in 2022 supplied by Indian companies. Indian companies supplied 47% of all generic prescriptions filed in the US and 15% of the volume of biosimilars.

Patent expiries over decades for products used by millions of patients have contributed to overall generic share of adjusted prescriptions reaching 92% — including branded generics but contributes to only 13% of invoice-level expenditure. Over the past five years, generic share of invoice-level spending has dropped from 18.6% to 12.9% while the share of prescriptions has remained unchanged.

Price Erosion in the US Generics Market

The US generic pharma industry has been grappling with pricing pressure, supply chain issues, and cost inflation, severely impacting the margins of the players. The price erosion is attributed to several factors such as customer consolidation, intensified competition, and the US government's measures to reduce drug prices for customers. Generic prices have been deflating for several years, driven by an increase in the number of generic approvals. However, in 2023 these were offset by volume growth and resulted in a \$1 bn contribution to market growth on a net basis. We anticipate that the resultant pricing pressure will lead

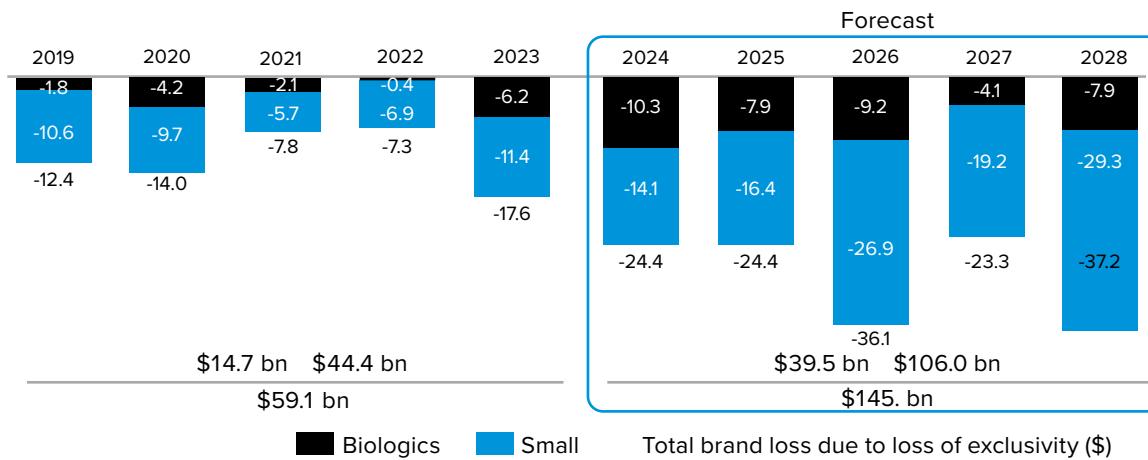
to the consolidation of the industry towards the stronger players who have better control over the supply chain and are capable of backward integration through innovative manufacturing technology.

Outlook for Patent Expiry and Loss of Exclusivity in US

Losses of exclusivity in the US will likely amount to \$145.5 bn with significant impact on spending for both small molecules and biologics. Small molecule expiries are expected to reduce brand spending by \$106 bn through 2028, more than double the impact of the last five years, including the impact of high-profile products in the anticoagulant therapy area, including rivaroxaban (Xarelto).

Exhibit 4

Impact of brand losses of exclusivity in the US during 2019-2028 (\$ bn)



Source: IQVIA Market Prognosis, Sep 2023; IQVIA Institute, Nov 2023.

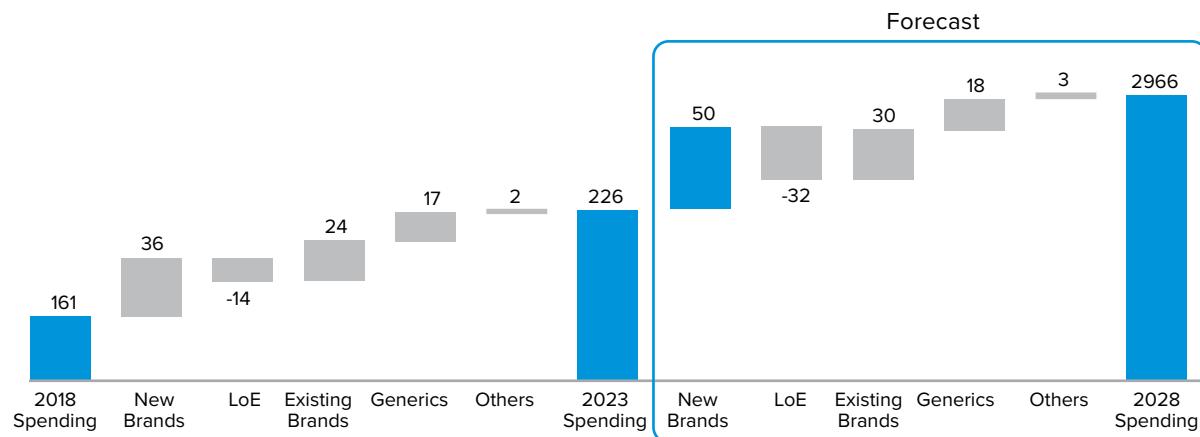
European Market

The European market is expected to increase by \$70 bn over the next five years, from \$226 bn in 2023 to \$296 bn in 2028, driven by new brands and generics, including biosimilars. The impact of losses of exclusivity (LOEs) in the five largest

European markets is expected to more than double over the next five years to \$32 bn, with over half of the impact attributed to biologics. The pace of economic and COVID-19 recovery, broader inflation concerns, and the effect of fuel commodity costs related to the Ukraine conflict will influence market dynamics and payer actions.

Exhibit 5

Spending and growth drivers in the EU4 + the UK during 2018-2028 (\$ bn)



Source: IQVIA Market Prognosis, Sep 2023; IQVIA Institute, Nov 2023.

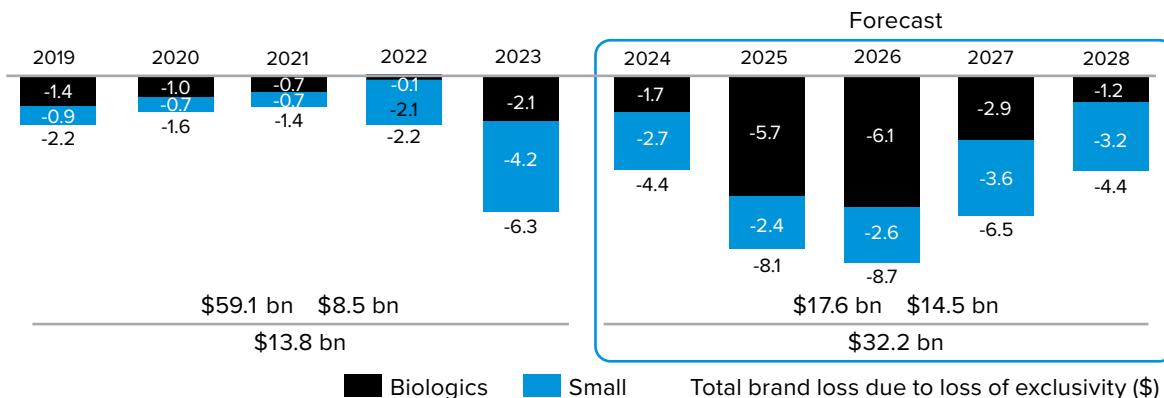
European Generics Market

Generics, including biosimilars, are expected to add \$18 bn in growth over the next five years, about the same as in the past five years, despite a larger impact of LoEs as volume gains will be offset by price deflation.

The effect of LoEs in the five largest European markets (Germany, France, Italy, Spain, and the UK), are expected to more than triple over the next five years and more than half of the impact is expected to be biologics with \$17.6 bn of the \$32.2 bn total impact. Small molecule LoE is expected to double in terms of impact on brands in the next five years from \$8.5 bn in previous 5 years to \$14.5 bn in the next five years.

Exhibit 6

Impact of brand losses of exclusivity in the EU4 + the UK during 2019-2028 (\$ bn)



Source: IQVIA Market Prognosis, Sep 2023; IQVIA Institute, Nov 2023.

Japan

Japan medicine spending is forecast to remain nearly unchanged over 5 years as innovation is offset by shift to annual price cuts. Despite robust brand growth, the presence of generics and biosimilars will likely balance this increase. Generic share of spending is also expected to rise, supported by policies largely effective over the entire period, encouraging doctors to substitute available generics with a combination of incentives and penalties.

Pharmerging Markets

The growth trajectory of pharmerging markets is expected to be more influenced by volume rather than the adoption of expensive therapies. These markets typically rely on generics or non-original branded products, resulting in lower shares of spending on originator products compared to developed markets.

China is one of the largest markets in Pharmerging markets. Medicine spending in China has risen from \$103 bn in 2014 to \$163 bn in 2023. By 2028, China will likely exceed \$197 bn, an increase of more than \$30 bn in the next five years.

Over the Counter (OTC) Drugs Market

Over-the-counter (OTC) drugs are considered safe to buy without a prescription and are used to treat common symptoms of cold, body pain, allergy, flu, heartburn, acne, and other basic health problems.

Data Bridge Market Research shows the OTC Drugs market, is likely to grow up to USD 246 bn by 2030 with a CAGR

of 6.60%. Due to increasing self-medication practices, cold, cough, and flu products dominate the product type segment of the OTC drugs market.

Emergence of COVID-19 outbreak has considerably influenced the sales of OTC drugs with increased focus on personal health during the pandemic. This trend has augmented the intake of cold and flu products besides vitamins. Increasing availability and manufacturing of OTC drugs for a broad range of common disease conditions will significantly drive the over-the-counter drugs market revenue in the impending years. The frequent occurrence of the common flu and cold increases the need for treatments. Awareness on and demand for vitamin supplements and weight loss products will majorly contribute to the industry value during the forecast period. Cost-benefits, positive results and broader accessibility are projected to highly fuel demand for over-the-counter drugs.

Indian Pharmaceutical Industry

The Indian Pharmaceutical industry holds a significant position in the global market, with Indian companies playing a crucial role across the pharmaceutical value chain from producing active pharmaceutical ingredients (APIs) to the finished dosage formulations. India has emerged as a major player in the pharmaceutical sector, both in manufacturing and export. Indian Pharmaceutical Industry is the largest provider of generic medicines globally, with a 20% share in the global supply by volume and is also the leading vaccine manufacturer.

The Indian pharmaceutical sector encompasses various segments, including generic drugs, over-the-counter medications, bulk drugs, vaccines, contract research and manufacturing, biosimilars, biologics and active pharmaceutical ingredients (APIs).

The Indian pharmaceutical market (IPM) is poised for substantial growth, with medicine spending expected to reach \$38-42 bn by 2028, reflecting a robust CAGR of 7-10% between 2024 and 2028. The country's growing population, demographic and lifestyle changes, expertise in low-cost manufacturing, affordability, and access to modern medicines are critical growth drivers.

The country's drugs and pharmaceutical exports increased 9.7% YoY to USD 27.9 bn in 2023-24, compared to USD 25.4 bn in 2022-23. The sector's top five export markets during the last fiscal year were the US, the UK, the Netherlands, South Africa, and Brazil.

The Indian pharmaceutical industry is poised for exponential growth, with market projections estimating a value of US\$ 65 bn by 2024 and US\$ 130 bn by 2030. With favorable government policies, increasing demand for innovative therapies, and a burgeoning global market, India's pharmaceutical sector will likely scale new heights, solidifying its position as a worldwide leader in healthcare innovation and accessibility.

The Indian government's Production Linked Incentive (PLI) scheme is also crucial in bolstering the pharmaceutical industry, creating a conducive business environment that attracts potential investors to explore opportunities in the Indian market.

Company Overview

Granules India Limited (GIL) is a leading pharmaceutical manufacturing company recognized for its commitment to producing high-quality products and driving innovation. We operate as a fully integrated pharma manufacturer with a widespread global presence. Our success is attributed to our focus on manufacturing excellence and cost leadership centred around our core molecules. We have established ourselves as leaders in key molecules, attaining critical scale in the industry. While our growth was primarily driven by the US market, we are now expanding our footprint in Europe and other geographies, making significant progress in this region as well.

Throughout our journey, we have consistently maintained a solid track record in delivering superior quality, adhering to compliance standards, and prioritizing sustainability and ESG.

Strategy Roadmap

Granules is embarking on an exciting new phase, driven by our vision to take our business to new heights as a science and innovation-driven organization. Our strategic roadmap revolves around the continuous pursuit of manufacturing excellence, embracing innovation, and technology platforms in chemistry, with a strong focus on fostering sustainability.

We are committed to revolutionizing manufacturing by implementing sustainable practices such as bio-catalysis, process innovation, eco conscious product development, increasing use of renewable energy and renewable energy enabled green molecules as key ingredients into our products. By prioritizing sustainability as a central theme in our business approach, we aim to improve efficiency and reduce our environmental footprint. This comprehensive strategy positions us to achieve significant advancements and create a positive impact in the industry.

Our strategy focuses on three strategic levers led by our core capabilities, innovation and R&D and sustainability.

The first one is strengthening the core by building on our efforts around efficiency and cost leadership mitigating supply chain risks, growing market share, and moving up in the value chain across select markets.

The second strategic lever is Innovation and R&D across our entire value chain from finished formulations, API, and going all the way back to chemical intermediates by reimagining chemistry through innovative technology platforms that we are building.

The third part is to create a strategic lever through Sustainability play. We have committed to achieving Net Zero by 2050 and aligned to SBTi's 1.5° pathway. We have conducted one of the most comprehensive assessments of our Scope 3 emissions in the pharma industry. We have finalized our net zero roadmap and initiated action plans on efficiency measures, adopting biofuels and renewable energy, supplier sustainability programs, and the green molecule platform through our subsidiary CZRO. The initiative aims to achieve the twin goals of healthy people and a healthy planet by using green energy, green energy enabled industrial feedstocks and creating circular economy around our products.

R&D Initiatives

In recent years, we have prioritized investments in building R&D capability and product pipeline. Our R&D investments reached ₹ 1,986 Mn in FY 24, representing 4.4% of our revenues, a significant uptick from previous years. These investments will help us broaden our capabilities, leading to increased focus on quality of our portfolio and higher number of regulatory filings in the future. We have exciting product pipelines in oncology, anti-diabetic segment, large-volume molecules, and select non OSD dosage forms.

Our R&D infrastructure includes Integrated Product Development Centre at Genome Valley, Hyderabad, formulations R&D at our subsidiary GPI, and two centers of excellence (COE) at Pragathi Nagar, Hyderabad—one dedicated to controlled substance APIs/KSMs and the other a bio lab for biocatalysis and fermentation capabilities.

Our R&D facility located at Genome Valley (MN Park) for integrated product development is functioning with over 170 scientists across the API and formulations divisions.

We have established the Pragathi Nagar R&D at Hyderabad as a center of excellence (CoE) for developing CII APIs and



KSMs/intermediates for our select APIs. This will strengthen our presence in controlled substances as we leverage Pragathi Nagar's research and development capabilities in conjunction with the FD R&D of our subsidiary, Granules Pharma Inc (GPI).

The bio lab at Pragathi Nagar brings capabilities in fermentation and biocatalysis, along with a lab and pilot-scale manufacturing platform for enzyme-led projects.

We have completed the lab validation for two such products, and we are gearing up to establish commercial-scale manufacturing capacity at Unit V for their APIs and advanced intermediates. We have the ANDA approvals for the finished dosage, and with their backward integration enabled by differentiated technology platform, we are aiming to reach the leadership position in these molecules.

Global Operations

Granules India Limited is a vertically integrated pharmaceutical company headquartered in Hyderabad, with operations in India, the US, and the UK. With over 300 customers in 80+ countries, we are a preferred supplier of high-quality pharmaceutical products. Our company has grown significantly over the years, driven by our commitment to product quality, operational excellence, and customer service.

Our Strengths

Our best-in-class manufacturing facilities, unwavering commitment to product quality, and culture of operational excellence have enabled us to maintain our position as a leading pharmaceutical company. We have a strong track record of delivering high-quality products to our customers on time and at competitive prices. Our vertical integration, scale, and manufacturing excellence have been source of competitive advantage that has enabled us to reduce costs and improve our profitability.

Business Segments

We operate in three primary business segments: active pharmaceutical ingredients (APIs), pharmaceutical formulation intermediates (PFI), and finished dosages (FD). Our API segment is one of the most cost-effective and efficient manufacturers of APIs, with a focus on improving our manufacturing capability to add new products to our portfolio. Our PFI segment has emerged as one of India's largest PFI manufacturers, with six tons of batch processing capacity. Our FD segment has sustainably grown, and currently contribute over 65% of our revenue. We have equipped our state-of-the-art manufacturing facility at Gagillapur with automated processes and superior-quality systems.

Active Pharmaceutical Ingredients (API)

We are recognized for our cost-effective and efficient manufacturing of APIs, positioning us as a leading supplier of paracetamol, metformin, guaifenesin, and methocarbamol. Our continuous efforts to enhance API manufacturing capabilities drive the expansion of our product portfolio. Most of our new PFI and FD products benefit from vertical integration with our APIs, ensuring seamless production and quality control. Emphasizing advanced technology and

strategic backward integration, supported by a dedicated team, enables us to consistently meet dynamic customer needs with precision and excellence.

API: FY23-24 Highlights

In FY23-24, our API business contributed 22% to our total revenues. We strengthened our API segment through strategic investments in research and development, overcoming challenges in Para API sales volumes and pricing dynamics. These initiatives bolstered our global market position, reaffirming our commitment to delivering high-quality active pharmaceutical ingredients. Our sustained focus on innovation and operational excellence ensured resilience amidst industry fluctuations, setting the stage for continued growth and leadership in the API market.

Revenues

	FY 21-22	FY 22-23	FY 23-24
APIs	9,751	13,414	9,866

Pharmaceutical Formulation Intermediates (PFI)

We have established ourselves as one of India's largest PFI manufacturers, boasting six tons of batch processing capacity. Our operations focus on achieving economies of scale and cost-efficiency, driving breakthroughs in the PFI sector. Our PFIs are designed for direct transfer from drums to hoppers, positioning us as a preferred supplier for leading global pharmaceutical companies.

PFI: FY23-24 Highlights

The PFI segment contributed 14% to our revenues in FY23-24 and witnessed significant diversification in FY23-24, particularly in North America and Europe. Strategic product launches and regulatory approvals underscored our capability to expand our market presence and address evolving healthcare needs. Enhanced manufacturing capacities and streamlined operations strengthened our competitive edge, positioning us globally as a preferred partner in pharmaceutical formulations and intermediates.

Revenues

	FY 21-22	FY 22-23	FY 23-24
PFIs	8,456	9,021	6,107

Finished Dosages (FD) Segment

Over the years, we have significantly expanded our FD capabilities, constituting more than 64% of our revenues. Our current portfolio includes caplets, tablets, and press-fit capsules available in bulk, blister packs, and bottles. Our facility also manufactures bilayered tablets, rapid release tablets, and extended release (ER) tablets. We leverage and optimize our unique manufacturing platform across India (GIL) and the US (GPI, GPAK) to achieve market leadership in the US finished dosage segments.

FD: FY23-24 Highlights

The FD segment contributed 64% to our total revenue in FY24. Our FD segment emerged as a pivotal driver of revenue growth in FY24, driven by robust sales of GPI-manufactured

products and expanded market penetration in key regions such as North America and Europe. The successful commissioning of our Genome Valley facility in March '24 significantly augmented our production capabilities, going forward, supporting increased demand and reinforcing our leadership in finished dosage formulations. This expansion underscores our commitment to meeting global healthcare demands with quality and efficiency.

Revenue

	(₹ mn)		
	FY 21-22	FY 22-23	FY 23-24
FDs	19,442	22,684	29,090

Despite competitive pressures, we achieved robust growth in North America, driven by strategic expansions in market share across key molecules. Revenue in this region contributed significantly to our overall performance, reflecting our strong position and continued focus on high-value segments. For the GPI-marketed products, seven of our products rank #1 (MAT March 2024), contributing 70% to our GPI revenues. We also have growing OTC business through partnership with brand owners and leading retailers in the US. We have market leadership for two of these products.

Sustainability Initiatives

At Granules, we are steadfast in our commitment to achieving net-zero emissions by 2050, aligning with the Science Based Targets initiative's (SBTi) 1.5°C pathway. We have conducted one of the most comprehensive assessments of Scope 3 emissions. We have finalized a detailed net-zero roadmap and initiated action plans that focus on efficiency measures, biofuel adoption, and renewable energy integration. The launch of our 'Green Pharma' initiative (CZRO) underscores our dedication to sustainable backward integration for critical products such as paracetamol and metformin. Furthermore, the commencement of operations at a pilot plant for DCDA in Vizag marks a significant step towards larger commercial facilities promoting green chemistry. Supplier sustainability programs and developing a green molecules platform bolster our ongoing efforts to improve environmental performance.

Enterprise Risk Management at Granules

Granules has a holistic enterprise risk management (ERM) program that facilitates identifying, assessing, and prioritizing enterprise risks across our sites and functions. We have developed risk repositories for each site and function, based on which enterprise risks are identified and prioritized for effective and timely risk mitigation. The objective of our ERM program is to minimize and mitigate potential internal and external risks to achieve strategic objectives and explore opportunities in a risk-informed manner to protect and enhance value.

Read our detailed Enterprise Risk Management on Page 28

Financial Review

Consolidated abridged Profit & Loss Statement

Particulars	FY24	FY23
Revenue	45,063.67	45,119.17
EBITDA	8,559.80	9,138.19
PAT	4,053.10	5,165.97
EPS	16.73	21.05

Revenue from Operations

Revenue for FY24 remained almost flat compared to FY23. This stability in revenue was achieved despite challenges such as a cyber-attack and declining Paracetamol API sales. The company's strategic focus on formulations and the introduction of new products contributed to sustaining the turnover year-on-year.

EBITDA

EBITDA for FY24 was ₹ 8,560 million, as compared to ₹ 9,138 million in FY23. The decline is primarily attributed to increased R&D spending. However, the value-added percentage of sales increased, driven by higher finished dosage (FD) sales and lower material costs. Despite the decline, the Company maintained a healthy EBITDA margin of 19.0%.

Consolidated Balance Sheet

Assets

Total assets increased to ₹ 55,209.82 million as of March 31, 2024, up from ₹ 49,045.64 million in the previous year, driven by investments in tangible and intangible assets, reflecting ongoing capacity expansions and technological advancements.

Equity and Liabilities

Total equity increased from ₹ 28,349.09 million as of March 31, 2023, to ₹ 32,255.44 Mn as of March 31, 2024, primarily due to profit generated during FY24.

Particulars	As on March 31, 2024	As on March 31, 2023
ASSETS		
Tangible and Intangible Assets	23,673.16	21,503.03
Non-Current Assets other than above	2,486.18	1,801.13
Current Assets	29,050.48	25,741.48
Total Assets	55,209.82	49,045.64
EQUITY AND LIABILITIES		
Total equity	32,255.44	28,349.09
Non-Current liabilities	2,131.45	2,561.54
Current liabilities	20,822.93	18,135.01
Total Equity and Liabilities	55,209.82	49,045.64



Debt position

Total debt stood at ₹ 12,232.26 million, up from ₹ 10,586.22 million in FY23, reflecting increased short-term borrowings to support operational needs

(₹ in millions)

Particulars	As on March 31, 2024	As on March 31, 2023	Change
Long-term debt (Current portion)	1,000.15	990.96	9.19
Long-term debt (non-current portion)	689.71	1,486.44	(796.73)
Short-term borrowings	10,542.40	8,108.82	2,433.58
Total Debt	12,232.26	10,586.22	1,646.04

Capital expenditures (Capex)

Capex during FY24 totalled ₹ 3,788 million, primarily invested in Granules Life Sciences and Granules CZRO, supporting strategic growth initiatives and operational expansions.

(₹ in millions)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Cash and Cash equivalents	2,915.57	1,847.14
Cash flow from Operating activities	4,394.14	7,387.49
Cash flow from Investing activities	(3,601.6)	(1,913.63)
Cash flow from Financing activities	76.64	(4402.9)
Effect of exchange rate changes	26.25	(2.53)
Closing cash and cash equivalents	3,811.00	2,915.57

Cash flow

Cash Flow from Operations

Cash flow from operations for FY24 was ₹ 4,394 million, down from ₹ 7,387 million in FY23. This decrease was primarily due to lower EBITDA and an increase in inventory holding days.

Financial Ratios

Key Ratios	As on March 31, 2024	As on March 31, 2023	% Variance	Reason for Variance (if more than 25%)
Debtors Turnover	4.66	4.82	(3%)	
Inventory Turnover	3.68	4.24	(13%)	
Interest Coverage Ratio	6.17	13.29	(54%)	Rise in finance cost is attributed to the increase in the SOFR rate.
Current Ratio	1.40	1.42	(2%)	
Debt Equity Ratio	0.38	0.37	2%	
EBITDA Operating Profit Margin (%)	19%	20%	(6%)	
Net Profit Margin (%)	9%	11%	(21%)	
Return on Net Worth (%)	14%	21%	(33%)	Decrease in profit during current year is due to cyber incident and decline in Para API Volume .

Internal Control Systems and Adequacy

Commensurate with the size and nature of operations, the Company maintains adequate systems of internal control and procedures covering all financial and operating functions. It believes that a strong internal control framework is one of the most indispensable factors of Corporate Governance. Continuous efforts are being made to enhance the system's responsiveness to unauthorized use or losses. The audit committee oversees all aspects of internal functioning and advises on corrective actions as and when required.

Cautionary Statements

Certain statements in the Management Discussion and Analysis describing the Company's objectives and predictions may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties, including the effects of economic and political conditions in India.

Board's Report

TO THE MEMBERS OF GRANULES INDIA LIMITED,

The Board of Directors presents the Company's thirty-third Annual Report and the Company's audited financial statements (standalone and consolidated) for the financial year ended March 31, 2024.

FINANCIAL RESULTS:

The Company's financial performance for the year ended March 31, 2024 is summarized below:

Particulars	Standalone		Consolidated	
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from Operations	37,550.91	39,312.00	45,063.67	45,119.17
Other Income	57.77	99.32	44.02	137.80
Total Income	37,608.68	39,411.32	45,107.69	45,256.97
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	8,071.37	8,481.71	8,603.82	9,275.99
Less: Finance Costs	719.98	386.74	1,058.21	559.33
Less: Depreciation	1,438.48	1,455.57	2,073.32	1,844.94
Profit Before Tax	5,912.91	6,639.40	5,472.29	6,871.73
Less: Tax Expenses	1,553.73	1,651.55	1,419.18	1,705.76
Profit for the year	4,359.18	4,987.85	4,053.10	5,165.97
Dividends paid	363.06	186.22	363.06	186.22

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

OVERVIEW OF FINANCIAL AND BUSINESS OPERATIONS:

Standalone Financial Summary: On a standalone basis, the revenue from operations was ₹37,550.91 million in FY 23-24 as against ₹ 39,312.00 million for FY 22-23 and the net profit after tax was ₹ 4,359.18 million in FY 23-24 as against ₹ 4,987.85 million for FY 22-23.

Consolidated Financial Summary: On a consolidated basis, the revenue from operations was ₹ 45,063.67 million in FY 23-24 as against ₹ 45,119.17 million for FY 22-23 and the net profit after tax was ₹ 4,053.10 million in FY 23-24 as against ₹ 5,165.97 million for FY 22-23.

For more details, please refer to the Management Discussion and Analysis report.

On a standalone basis, the Finished Dosages (FD) business contributed the largest share of revenue of the Company at 56.71% while Pharmaceutical Finished Intermediates (PFI) and Active Pharmaceutical Ingredients (API) contributed 17.12% and 26.17% respectively while it was 43.54%, 23.11% and 33.35% for FD, PFI and API respectively for the FY 22-23.

In FY 23-24, the Company filed five ANDAs with the USFDA, one MA in the European region and two MAs in South Africa. The Company also filed six US DMFs which will be used for building future revenue from API business. The Company received seven USFDA approvals, three approvals in the European region, one approval in Canada and three approvals

in South Africa. The management believes that it will continue to strengthen its position through dedicated research and the launch of new products.

Vertical integration has always been the strength and focus area of the Company. It will continue its focus on its core business and strengthen it by enhancing its market presence through backward integration strategies, improving operational efficiencies and continuous supply chain management. The non-core business will also be given equal focus and the Company shall endeavor towards adding new products, cost leadership and most importantly offering reliable and consistent services to all the customers. The Company's goal of transforming more of its business into the finished dosage business will continue and with this objective, the Company will continue to grow as an integrated Pharmaceutical Company sustainably and responsibly.

DIVIDEND:

The Board of Directors has recommended a final dividend of ₹1.50/- per equity share (Face value ₹ 1/- per equity share) for the financial year 2023-24, same as the dividend paid in the previous financial year.

The dividend pay-out is in accordance with the Company's Dividend Distribution Policy. The Dividend Distribution Policy of the Company may be accessed on the Company's website at <https://granulesindia.com/wp-content/uploads/pdf/Dividend-Distribution-policy.pdf>.



MATERIAL CHANGES AFFECTING THE COMPANY:

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

SHARE CAPITAL:

The authorized share capital of the Company is 50,50,00,000 equity shares of ₹ 1/- each. The paid-up share capital is 24,23,68,716 equity shares of ₹ 1/- each.

The Company had allotted 3,25,960 equity shares of ₹ 1/- each during the year upon the exercise of an equal number of stock options by the employees pursuant to the Employees Stock Option Scheme of the Company.

TRANSFER TO THE INVESTOR EDUCATION & PROTECTION FUND (IEPF):

In terms of Section 124(5) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, unclaimed dividends amounting to ₹ 8,79,812/- (Rupees Eight Lakhs Seventy-nine thousand eight hundred and twelve only) pertaining to the final dividend for the financial year 2015-16 and up to the third interim dividend for the financial year 2016-17 was transferred during the year under review to the Investor Education and Protection Fund established by the Central Government. Further, during the year under review, the Company transferred 71,951 equity shares to the Investor Education and Protection Fund relating to the investors who have not claimed any dividend from the last seven consecutive years.

The details of the investors whose dividend amount and shares are transferred are available on the website of the Company at <https://granulesindia.com/investors/investor-resources/unclaimed-dividend-shares-transferred-to-iepf/>.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:

Management's Discussion and Analysis Report for the year under review, as stipulated under regulation 34(2) of the Listing Regulations, is presented in a separate section, forming part of the annual report.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

SUBSIDIARY COMPANIES, THEIR PERFORMANCE AND DEVELOPMENTS

Granules USA, Inc.

Granules USA, Inc., a wholly-owned foreign subsidiary of the Company, caters to the Granules USA, Inc., a wholly-owned

foreign subsidiary of the Company, caters to the business to the business segment of the US market. During the FY 2023-24, the Company achieved a turnover of ₹ 7,187.96 million against the turnover of ₹ 7,279.76 million for FY 2022-23 and the profit after tax is ₹ (188.37) million against ₹ 36.23 million for FY 22-23.

Granules Consumer Health Inc (GCH) is a wholly-owned subsidiary of Granules USA, Inc. GCH primarily focuses on marketing over-the-counter (OTC) medications to retailers. GCH also operates an USFDA-approved packaging facility in Manassas, Virginia, USA to support its business.

Granules Pharmaceuticals, Inc.

Granules Pharmaceuticals, Inc. (GPI), a wholly-owned foreign subsidiary of the Company located in Virginia, USA focuses on formulation R&D. During the FY 23-24, the Company achieved a turnover of ₹ 16,203.76 million against the turnover of ₹ 11,193.99 million for FY 22-23 and the profit after tax is ₹ 589.89 million against ₹ 151.52 million for FY 22-23.

During the year FY 2023-24, GPI filed three NDAs with USFDA, approvals for which are awaited. During the year under review, GPI launched four product under its label.

Granules Europe Limited

Granules Europe Limited is a wholly-owned foreign subsidiary of the Company set up in the United Kingdom to focus on marketing to European customers.

Granules Life Sciences Private Limited

Granules Life Sciences Private Limited is a wholly-owned Indian subsidiary of the Company located in Hyderabad, India. This facility will add 8 bn dosages to our finished dosage capacity.

Granules CZRO Private Limited

Granules CZRO Private Limited, a wholly-owned subsidiary in India was incorporated for manufacturing green chemicals. The pilot plant for DCDA has been set up at Visakhapatnam, Andhra Pradesh and process stabilization of the plant is in progress.

The Policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website at <https://granulesindia.com/wp-content/uploads/2024/03/Policy-on-Material-Subsidiaries.pdf>.

JOINT VENTURE/ ASSOCIATE COMPANIES

The Company has no joint venture or associate Company during the period under review.

No other Company has become or ceased to be a Company's subsidiary, joint venture or associate Company during the period under review.

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

CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated financial statements of the Company and its subsidiaries for FY 23-24 are prepared in compliance with section 129(3) of the Companies Act, 2013 and regulation 34 of the Listing Regulations and in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The audited consolidated financial statements together with the auditor's report thereon form a part of this annual report. The consolidated financial statements have been prepared on the basis of audited financial statements of the Company and its subsidiaries as approved by their respective Boards. As per the provisions of section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its subsidiaries on its website at <https://granulesindia.com/investors/financial-reports/annual-accounts-of-subsidiaries-jvs/> and a copy of separate audited accounts of its subsidiaries will be provided to the members at their request till the date of the Annual General Meeting of the Company.

COMPLIANCE WITH SECRETARIAL STANDARDS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the requirement of section 134(5) of the Companies Act, 2013, with respect to the Director's Responsibility Statement, the Board of Directors of the Company to the best of their knowledge and ability hereby confirm that:

- a) in the preparation of the annual accounts for the year ended March 31, 2024, the applicable accounting standards have been followed and there are no material departures from the same;
- b) accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the profit and loss of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the

Company and for preventing and detecting fraud and other irregularities;

- d) the annual accounts have been prepared on a going concern basis for the financial year ended March 31, 2024;
- e) adequate internal financial controls for the Company to follow have been laid down and these are operating effectively; and
- f) proper and adequate systems have been devised to ensure compliance with the provisions of all applicable laws and these systems are operating effectively.

CORPORATE GOVERNANCE:

The Company is committed to maintaining the highest standards of corporate governance and adhering to the corporate governance requirements set out by the Securities and Exchange Board of India (SEBI). The report on corporate governance as stipulated under the Listing Regulations forms an integral part of this report. The requisite certificate from the secretarial auditor of the Company confirming compliance with the conditions of corporate governance is attached to the report on corporate governance.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT:

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

RELATED PARTY TRANSACTIONS:

All related party transactions entered by the Company during the financial year 2023-24 with related parties were in the ordinary course of business and are on an arm's length basis. During the year, except with the wholly-owned subsidiaries, the Company had not entered into any transaction with related parties which could be considered material in accordance with the policy of the Company on the materiality of related party transactions.

The Policy on the materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at <https://granulesindia.com/wp-content/uploads/2022/03/Granules-Related-Party-Transactions-Policy.pdf>

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

The details of the transactions with related parties were also provided in the notes to the financial statements.



CORPORATE SOCIAL RESPONSIBILITY:

The Sustainability & Corporate Social Responsibility Committee is comprised of four members out of which two are Independent Directors. The details of the constitution of the Committee and its meetings are provided in the corporate governance report. The CSR activities of the Company are governed through the Corporate Social Responsibility Policy (CSR Policy) approved by the Board and in compliance with Schedule VII of the Act. The CSR Policy may be accessed on the Company's website at <https://granulesindia.com/wp-content/uploads/pdf/other-information/8328CSR%20Policy.pdf>

During the year under review, the Company has spent ₹ 128.24 million on CSR activities. The annual report on CSR activities is annexed herewith as **Annexure I** to the Board's report.

NOMINATION AND REMUNERATION COMMITTEE:

During the year under review, the Committee comprised four members out of which three are Independent Directors. The details of the constitution of the Committee and its meetings are provided in the corporate governance report. The Chairman of the Committee is an Independent Director, thereby resulting in independent and unbiased decisions.

The Performance Evaluation and Remuneration Policy framed by the Committee and approved by the Board is directed towards rewarding the performance of Executive and Non-Executive Directors, Key Managerial Personnel and Senior Management Personnel of the Company based on a review of achievements periodically. The Performance Evaluation and Remuneration Policy may be accessed on the Company's website at <https://granulesindia.com/wp-content/uploads/2023/06/performance-evaluation-and-remuneration-policy-2023.pdf>

ENTERPRISE RISK MANAGEMENT:

The Company has a Risk Management Committee of the Board and the details of the Committee and its terms of reference are set out in the corporate governance report.

The Risk Management Committee has been entrusted with the responsibility to:

- oversee and approve the Company's enterprise risk management framework;
- oversee all the risks that the organization faces such as financial, operational, sectoral, sustainability (particularly, ESG-related risks), information, cyber security risks or any other risk as may be determined by the Committee;
- ensure that appropriate methodology, processes, and systems are in place to monitor, evaluate and mitigate risks associated with the business of the Company.

The Company has a proper process for risk management.

INTERNAL FINANCIAL CONTROLS:

Internal financial controls are an integrated part of the risk management process, addressing financial and financial reporting risks. The internal financial controls have been documented, digitized, and embedded in the business processes. An assurance of the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by external consultants on behalf of the management at least once a year. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.

INTERNAL AUDIT AND CONTROLS:

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Assessment and appointment of members to the Board are based on a combination of the criteria that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualifications required for the position. While appointing the Independent Directors, the potential Board member is also assessed on the basis of independence criteria defined in Section 149(6) of the Act, and regulation 16(1)(b) of the Listing Regulations.

Appointment

- The members of the Company have approved the appointment of Mr. Kapil Kumar Mehan (DIN: 01215092) as an Independent Director of the Company for a period of 5 years commencing from May 16, 2023 to May 15, 2028 in the Annual General Meeting held on August 10, 2023.

- (2) The Board of Directors at their meeting held on January 23, 2024 have appointed Dr. Sethurathnam Ravi (DIN: 00009790) as an Independent Director for a period of 5 years commencing from January 23, 2024 to January 22, 2029 and the same was approved by the members of the Company on April 02, 2024 through the postal ballot.
- (3) The Board of Directors at their meeting held on January 23, 2024 have appointed Ms. Priyanka Chigurupati (DIN: 01793431) as an Executive Director for a period of 5 years commencing from January 23, 2024 to January 22, 2029 and the same was approved by the members of the Company on April 02, 2024 through the postal ballot.
- (4) The Board of Directors by the resolution passed through circulation on February 19, 2024 has appointed Mr. Rajiv Pritidas Kakodkar (DIN: 01519590) as an Independent Director of the Company for a period of 5 years commencing from February 20, 2024 to February 19, 2029 and the same was approved by the members of the Company on April 02, 2024 through the postal ballot.

Cessation

Mr. Arun Rao Akinepally ceased to be an Independent Director of the Company consequent to the completion of his second term as an Independent Director on March 31, 2024.

Re-appointment

- (1) The Board in its meeting held on May 15, 2024 re-appointed Dr. Krishna Prasad Chigurupati (DIN: 00020180) as a Managing Director of the Company for a further period of five years with effect from September 01, 2024 since his current term is completing on August 31, 2024. He was also designated as Chairman and Managing Director of the Company.
- (2) The Board in its meeting held on May 15, 2024 re-appointed Mr. Harsha Chigurupati (DIN: 01606477) as an Executive Director of the Company for a further period of five years with effect from August 29, 2024 since his current term is completing on August 28, 2024.
- (3) In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mrs. Uma Devi Chigurupati, (DIN: 00737689) Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment.

The Board recommends the above re-appointments to the shareholders. The notice convening the 33rd Annual General Meeting to be held on August 06, 2024 sets out the details.

In the opinion of the Board, the Directors re-appointed possess the integrity, expertise and experience to perform their functions effectively in the Company.

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

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

Key Managerial Personnel

The following have been designated as the key managerial personnel of the Company pursuant to section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Dr. Krishna Prasad Chigurupati - Chairman and Managing Director

Dr. Kandiraju Venkata Sitaram Rao - Joint Managing Director & CEO

Mrs. Uma Devi Chigurupati - Executive Director

Mr. Harsha Chigurupati - Executive Director

Mrs. Priyanka Chigurupati - Executive Director

Mr. Mukesh Surana - Chief Financial Officer

Ms. Chaitanya Tummala - Company Secretary

Mrs. Priyanka Chigurupati, Executive Director became the Key Managerial Personnel of the Company w.e.f. January 23, 2024.

BOARD EVALUATION:

The Company has devised a policy for the performance evaluation of the Independent Directors, Board, Committees and other individual Directors and also includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors. Pursuant to the provisions of the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in



force), the process for annual evaluation of the performance of the Board, its Committees and individual Directors was carried out.

The performance of the Board and individual Directors was evaluated by the Board after seeking input from all the Directors. The criteria for performance evaluation of the Board included aspects such as Board composition and structure, the effectiveness of Board processes, contribution to long-term strategic planning, etc. The performance of the Committees was evaluated by the Board after seeking input from the Committee Members.

In a separate meeting, the Independent Directors evaluated the performance of Non-Independent Directors and the performance of the Board as a whole including the Chairman of the Board.

EMPLOYEE STOCK OPTION SCHEME:

The Company's Employees Stock Option Schemes viz. ESOS-2009 & ESOS-2017 have been in place and the Company has made grants under ESOS-2009 & ESOS-2017 to the eligible employees of the Company and its subsidiaries. The Nomination and Remuneration Committee of the Board of Directors of the Company, *inter alia*, administers and monitors the Employees' Stock Option Schemes. The Company did not make any grant under ESOS- 2017 during the FY 23-24. There has not been any material change in the Employee Stock Option Schemes during the financial year under review.

The Schemes and their implementation are in line with the SEBI (Share-based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBEB Regulations") as amended thereof.

The applicable disclosures as stipulated under the SEBI guidelines as of March 31, 2024 (cumulative position) about the Employee's Stock Option Schemes are herein under-provided. The issue of equity shares pursuant to the exercise of options does not affect the Statement of Profit and Loss of the Company, as the exercise is made at the market price prevailing as on the date of the grant plus taxes as applicable.

The Nomination and Remuneration Committee of the Board of Directors of the Company, *inter alia*, administers and monitors the Employees' Stock Option Scheme. There has not been any material change in the Employee Stock Option Schemes during the period under review. The Schemes and their implementation are in line with the SBEB Regulations as amended thereof.

Under regulation 13 of the SBEB Regulations, a certificate from M/s. Saurabh Poddar & Associates, Practicing Company Secretaries is annexed herewith as **Annexure-II** to the Board's report.

The details of the stock options granted/vested/exercised under the Granules India Limited – ESOS 2009 approved by the members in the 18th Annual General Meeting and Granules India Limited –ESOS 2017 approved by the members in the 26th Annual General Meeting, are given below:

Sl. No.	Description	Details of Scheme	
		ESOS-2009	ESOS-2017
(a)	Options granted till date under the scheme	15,602,800	2,50,000
(b)	Pricing formula	Closing market price as on the date before the grant date on the National Stock Exchange (where there was the highest trading volume).	
(c)	Options vested during the year	3,85,960	60,000
(d)	Options exercised during the year	3,25,960	NIL
(e)	Total number of shares arising as a result of the exercise of options	3,25,960	NA
(f)	Options lapsed/surrendered during the year	20000	NIL
(g)	Options lapsed/surrendered to date under the scheme	92,00,272	1,00,000
(h)	Variation in terms of options	NIL	NIL
(i)	Money realized by exercise of options during the year	3,16,18,120	NA
(j)	Total number of options in force	64,02,528	1,50,000
(k)	Employee wise details of options granted during the year	NA	NIL
(k)(i)	Senior managerial personnel	NA	NIL
(k)(ii)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year.	NA	NIL
(k)(iii)	Identified employees who were granted an option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NA	NIL
(l)	Diluted Earnings per share (EPS) under the issue of shares on exercise of options calculated by Accounting Standards – Earning per share.	₹ 17.99 per share	
(m)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost shall have been recognized if it had used the fair value of the options.	Not Applicable	

Sl. No.	Description	Details of Scheme	
		ESOS-2009	ESOS-2017
(n)	The weighted-average exercise price, whose exercise price either equals or exceeds or is less than the market price of the stock	₹ 97.00/- per share	NA
(o)	Description of the method and significant assumptions used during the year to estimate the fair values of options.	The assumptions and model used for estimating fair value are disclosed in Note 27 of Standalone financial statements.	

AUDITORS AND THEIR REPORTS:

Statutory Auditors

M/s. S.R. Batliboi & Associates LLP, Firm of Chartered Accountants, Hyderabad was appointed as the statutory auditors of the Company for a term of 5 (five) consecutive years, at the 31st Annual General Meeting held on July 27, 2022. They have confirmed that they are not disqualified from continuing as auditors of the Company.

The notes on the financial statement referred to in the auditor's report are self-explanatory and do not call for any further comments. The auditor's report does not contain any qualification, reservation, adverse remark or disclaimer.

Secretarial Auditor

The Board has appointed M/s. Saurabh Poddar & Associates, Company Secretaries, to conduct a secretarial audit for the financial year 2023-2024. The secretarial audit report for the financial year ended March 31, 2024 is annexed herewith as **Annexure III** to the Board's report. The secretarial audit report does not contain any qualification, reservation or adverse remark.

DISCLOSURES:

Meetings of the Board

Six meetings of the Board of Directors were held during the year. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance report, which forms part of this report.

Audit Committee

The Audit Committee is comprised of four (4) Members out of which three (3) are Independent Directors and one (1) is an Executive Director. During the year under review, five Committee meetings were held, details of which are provided in the Corporate Governance report. During the year under review, there were no instances when the recommendations of the Audit Committee were not accepted by the Board.

Whistleblower Policy and Vigil Mechanism

The Company has established a mechanism for Directors and employees of the Company to report concerns about unethical behavior, actual or suspected fraud, or violation of the Code. It also provides adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit

Committee in exceptional cases. During the year, no person was denied access to the Audit Committee.

The Whistleblower policy may be accessed on the Company's website at <https://granulesindia.com/wp-content/uploads/2022/06/Granules-India-Limited-whistle-blower-policy.pdf>

Code of Conduct

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

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

Particulars of loans given, investments made, guarantees given and securities provided are provided in the standalone financial statement (Please refer to Note No.4A, 4B, 7C and 26(b) to the standalone financial statement).

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

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

Annual Return

Pursuant to section 92(3) read with section 134(3)(a) of the Act, the Annual Return as of March 31, 2024 is placed on the website of the Company and may be accessed on the Company's website at <https://granulesindia.com/investors/notice-disclosures/annual-returns/>.

Particulars of Employees and related disclosures

Disclosures pertaining to remuneration and other details as required under section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed herewith as **Annexure VI** to the Board's report.

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



Considering the first proviso to section 136(1) of the Act, the annual report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection by the members at the registered office of the Company or through electronic mode during business hours on working days up to the date of the forthcoming 33rd AGM of the Company. Any member interested in obtaining a copy thereof may write to the Company Secretary in this regard.

The Directors further state that the remuneration paid to the Key Managerial Personnel and Senior Management Personnel is as per the Company's Performance Evaluation and Remuneration Policy.

Remuneration from Subsidiaries

Ms. Priyanka Chigurupati was appointed as Executive Director of the Company w.e.f. January 23, 2024. She has received a remuneration of \$ 62,133 from Granules Pharmaceuticals, Inc., a wholly-owned foreign subsidiary of the Company from January 23, 2024 to March 31, 2024.

Maintenance of Cost Records specified by the Central Government under Section 148 of the Companies Act, 2013

The Company has complied with the provisions relating to the maintenance of Cost Records as specified by the Central Government under section 148 of the Companies Act, 2013 during the year under review.

Policy on Sexual Harassment and Constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has a Policy on "Prevention of Sexual Harassment of Women at Workplace" for the matters connected therewith or incidental thereto covering all the aspects as contained under the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" and constituted an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

No complaints were pending at the beginning of the year. During the year under review, no concern/complaint was reported. No complaint was pending as of the end of the financial year.

The Company regularly conducts awareness programs for the employees.

GENERAL

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

- Details relating to deposits covered under Chapter V of the Act.

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except the Employee Stock Option Scheme referred to in this report.
- The Company does not have any scheme of provision of money for the purchase of its shares by employees or by trustees for the benefit of employees.
- Cost Audit is not applicable for the financial year 2023-24.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in the future.
- No fraud has been reported by the auditors to the Audit Committee or the Board.
- There are no proceedings pending under the Insolvency and Bankruptcy Code, 2016.
- There was no instance of a one-time settlement with any Bank or Financial Institution.

ACKNOWLEDGMENTS:

We express our sincere appreciation and thank our valued shareholders, customers, bankers, business partners/associates, analysts, financial institutions, insurance companies and Central and State government departments for their continued support towards the Company.

We are pleased to record our appreciation of the sincere and dedicated services of the employees and workmen at all levels.

On behalf of the Board of Directors

Dr. Krishna Prasad Chigurupati

Chairman and Managing Director

Hyderabad, May 15, 2024

DIN: 00020180

ANNEXURE I TO BOARD'S REPORT: CSR REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2023-24 as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014.

1. Brief outline of CSR Policy of the Company: CSR Policy can be accessed at <https://granulesindia.com/wp-content/uploads/pdf/other-information/8328CSR%20Policy.pdf>

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of the CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mrs. Uma Devi Chigurupati	Chairperson/Executive Director	01	01
2.	Dr. Krishna Prasad Chigurupati	Member/Executive Director	01	01
3.	Mr. Arun Rao Akinepally	Member/Independent Director	01	01

3. Provide the web link where the
- a) Composition of the CSR Committee The composition of the CSR Committee can be accessed at <https://granulesindia.com/investors/other-information/>
 - b) CSR Policy and The CSR Policy can be accessed at <https://granulesindia.com/wp-content/uploads/pdf/other-information/8328CSR%20Policy.pdf>
 - c) CSR Projects approved by the Board are disclosed on the website of the Company. NOT APPLICABLE
4. Provide the executive summary along with the web link(s) of the Impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable NOT APPLICABLE
5. (a) Average net profit of the company as per section 135(5): ₹ 6409.96 million
 (b) Two percent of the average net profit of the company as per section 135(5): ₹ 128.19 million
 (c) Surplus arising out of the CSR projects or programs or activities of the previous financial years: 0.17 million
 (d) Amount required to be set off for the financial year: ₹ 0.17 million
 (e) Total CSR obligation for the financial year (5b+5c- 5d): 128.02 million
6. (a) Details of CSR amount spent against ongoing projects for the financial year: N.A.

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project State.	(6) Project duration District.	(7) Amount allocated for the project (in ₹)	(8) Amount spent in the current Financial year (in ₹)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	(10) Mode of Implementation Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
										CSR Name	Registration number
1.	--	--	--	--	---	--	--	--	--	--	--
Total	--	--	--	--	--	--	--	--	--	--	--

6. (a) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project Project duration		(6) Amount spent for the project (₹ in millions)	(7) Mode of implementation on- Direct (Yes/No)	(8) Mode of implementation – Through implementing agency	
				State.	District.			Name	CSR Registration number
1.	Skill development activity	Cl.(ii) livelihood enhancement projects	Yes	Telangana	Ranga Reddy District	8.40	No	Swarna Bharat Trust	CSR00001645
2	Promoting Health Care	Cl.(i) Promoting preventive healthcare	Yes	Telangana	Hyderabad	5.00	No	Hrudaya Cure a Little Heart Foundation	CSR00004126



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project Project duration	Amount spent for the project (₹ in millions)	Mode of implementation on- Direct (Yes/No)	Mode of implementation – Through implementing agency Name CSR Registration number
3.	Promoting environmental sustainability	Cl.(iv) Environmental Sustainability	Yes	Telangana Hyderabad	0.14	Yes	N.A.
4.	Granules Trust	Schedule VII activities	Yes	Telangana Hyderabad	114.70	NO	Granules Trust
TOTAL					128.24		

(b) Amount spent on Administrative Overheads:

NIL

(c) Amount spent on Impact Assessment, if applicable:

NA

(d) Total amount spent for the Financial Year (6b+6c+6d):

₹ 128.24 millions

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent Account as per section 135(6)		CSR Amount transferred to any fund specified under Schedule VII as per the second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
128.24 million	Nil	NA	NA	NA	NA

(f) Excess amount for set-off, if any

Sl. No.	Particular	Amount (₹ in millions)
(i)	Two percent of the average net profit of the company as per section 135(5)	128.19
(ii)	Total amount spent for the Financial Year 2023-24	128.24
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.05
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	0.17
(v)	Amount available for set off in succeeding financial years [(iii)+(iv)]	0.22

7. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in millions)	Amount spent in the reporting Financial Year (₹ in millions)	Amount transferred to any fund specified under Schedule VII as per section 135(6) if any.			The amount remaining to be spent in succeeding financial years. (₹ in millions)
				Name of the Fund	Amount (₹ in millions)	Date of transfer.	
1.	2019-20	-	-	-	-	-	-
2.	2020-21	-	-	-	-	-	-
3.	2021-22	-	-	-	-	-	-
TOTAL		-	-	-	-	-	-

8. Whether any capital assets have been created or acquired through CSR amount spent in the Financial Year: No

If Yes, enter the number of capital assets created/acquired

Furnish the details relating to the such asset(s) so created or acquired through CSR amount spent in the financial year:

Sl. No.	Short Particulars of the property or asset(s)	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/beneficiary of the registered owner		
					(6)	CSR Registration Number, If applicable	Name Registered Address
				NA			

9. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5): NA

Uma Devi Chigurupati

Chairperson of Sustainability & CSR Committee

Dr. Krishna Prasad Chigurupati

Chairman and Managing Director

ANNEXURE II TO BOARD'S REPORT

COMPLIANCE CERTIFICATE

[Pursuant to Regulation 13 of the Securities Exchange Board of India (Share-Based Employee Benefits and Sweat Equity) Regulations, 2021]

To,
The Members,
Granules India Limited

I, Saurabh Poddar, Company Secretary in practice, have been appointed as the Secretarial Auditor vide a resolution passed at its meeting held on May 16, 2023 by the Board of Directors of M/s. Granules India Limited (hereinafter referred to as '**the Company**'), having CIN:- L24110TG1991PLC012471 and having its registered office at Second Floor, Block III, My Home Hub, Madhapur, Cyberabad, Hyderabad -500081.

This certificate is issued under the Securities and Exchange Board of India (Share-based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as "the Regulations"), for the year ended March 31, 2024.

Management Responsibility:

1. The Board of Directors and the Nomination and Remuneration Committee of the Board is responsible for the formulation and implementation of the Employee Stock Option Scheme – 2009 and Employee Stock Option Scheme – 2017 (hereinafter referred to as "**Schemes**") in compliance with the Regulations and the special resolutions passed at the respective shareholder's meetings dated 25 September 2009 and 28 September 2017 ("Shareholder resolutions") respectively.
2. The management is responsible for the preparation and maintenance of all accounting and other relevant supporting records and documents relating to the Scheme including the design, implementation and maintenance of internal controls on the implementation of the aforesaid Schemes in compliance with the Regulations.

Auditor's Responsibility:

1. Pursuant to the requirements of the Regulations, it is our responsibility to obtain reasonable assurance and form an opinion, as to whether the Scheme is in compliance with the Regulations and the Shareholder resolutions.
2. In connection with the above, we have performed the following procedures:
 - a) Read the Schemes provided to us by the Company;
 - b) Read the resolutions passed at the meeting of the Board of Directors;

- c) Read the shareholder's resolutions passed at the general meetings and;
 - d) Obtained required explanations and representations from the management.
3. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Company Secretaries of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Company Secretaries of India.

Certification:

1. On the basis of the examination carried out by us and the information, explanations and representations provided to us by the management of the Company, in our opinion, the Schemes are implemented in accordance with the Regulations.

Assumption & Limitation of Scope and Review:

1. Ensuring the authenticity of documents and information furnished is the responsibility of the management of the Company.
2. Our responsibility is to give a certificate based on our examination of relevant documents and information. It is neither an audit nor an investigation.
3. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
4. This certificate is solely for your information and it is not to be used, circulated, quoted, or otherwise referred to for any purpose other than for the Regulations.

For **M/s. Saurabh Poddar & Associates**

Company Secretaries
FIRM UIN: S2012AP177700

Name: Saurabh Poddar

Membership No: FCS 9190

COP No: 10787

PR: 785/2020 dated June 30, 2020

UDIN: F009190F000156271

Place: Hyderabad

Date: April 17, 2024



ANNEXURE III TO THE BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-03-2024

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

To,
The Members,
M/s. Granules India Limited
2nd Floor, 3rd Block, My Home Hub,
Madhapur, Hyderabad - 500 081, Telangana.

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

Based on my verification of the M/s. Granules India Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I, have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2024 according to the provisions of:

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

 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (**Not applicable to the Company during the Audit Period**)
 - (d) Securities and Exchange Board of India (Share-based Employee Benefits & Sweat Equity) Regulations, 2021
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not applicable to the Company during the Audit Period**)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client(s);
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (**Not applicable to the Company during the Audit Period**) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (**Not applicable to the Company during the Audit Period**)
 - (vi) I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on a test-check basis, the Company has complied with the following laws applicable specifically to the Company:
 - 1. Drugs and Cosmetics Act, 1940 and Rules made thereunder; and
 - 2. Drugs Price Control Order, 2013 and notifications made thereunder.
- I, have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India
 - (ii) The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

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

I further report that the Board of Directors of the Company is duly constituted with a proper balance of Executive Directors and Independent Directors. The change in the composition of the Board of Directors that took place during the period under review, is in compliance with the provisions of the Act read with regulation 25(6) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

All decisions at Board Meetings and Committee Meetings were carried out as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

I further report that during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines and standards.

for **Saurabh Poddar & Associates**
Company Secretaries

(Saurabh Poddar)
Designation: Proprietor
Membership No: FCS 9190
COP No: 10787
PR: 785/2020 dated June 30, 2020
UDIN: F009190F000372971

Place: Hyderabad

Date: May 15, 2024

This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
M/s. Granules India Limited
2nd Floor, 3rd Block, My Home Hub,
Madhapur, Hyderabad- 500 081, Telangana.

My report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test-check basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of account of the company.
4. Wherever required, I have obtained management representation regarding the compliance of laws, rules and regulations and happening of events, etc.

5. The compliance with the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of procedures on a test-check basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

for **Saurabh Poddar & Associates**
Company Secretaries

(Saurabh Poddar)
Designation: Proprietor
Membership No: FCS 9190
COP No: 10787
PR: 785/2020 dated June 30, 2020
UDIN: F009190F000372971

Place: Hyderabad

Date: May 15, 2024



ANNEXURE IV TO THE BOARD'S REPORT

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

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

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

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

Sl. No.	Names of the related party and nature of the relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts or arrangements or transactions including the value, if any:	Salient terms of the contracts or arrangements or transactions including the value, if any: (₹ in million)	Date(s) of approval by the Board:/	Amount paid as advances if any:	Justification for entering into contracts
1	Granules USA, Inc. (Wholly-Owned foreign subsidiary)	Sale of goods	FY 2023-24	2,482.01	March 17, 2023	NIL	The transaction is at arm's length price
		Purchase of Goods		1.04			
2	Granules Pharmaceuticals, Inc. (Wholly-Owned foreign subsidiary)	Sale of goods	FY 2023-24	9,617.13	March 17, 2023	NIL	The transaction is at arm's length price
		Purchase of Goods		165.58			
3.	Granules Europe Limited(Wholly-Owned foreign subsidiary)	Commission on sales of goods	FY 2023-24	24.75	March 17, 2023	NIL	The transaction is at arm's length price
4.	Granules USA, Inc. (Wholly-Owned foreign subsidiary)	Commission on sales of goods	FY 2023-24	127.37	January 22, 2024	NIL	The transaction is at arm's length price
5.	Granules Consumer Health, Inc. (GCH), Step-down foreign subsidiary	Sale of goods	FY 2023-24	3,155.45	March 17, 2023 & January 22, 2024	NIL	The transaction is at arm's length price
		Purchase of Goods		3.67			
6.	Product Armor Packaging Private Limited	Purchase of Goods	FY 2023-24	303.69	March 17, 2023	NIL	The transaction is at arm's length price
7.	Granules Life Sciences Private Limited (Wholly-Owned Indian subsidiary)	Purchase of Goods	FY 2023-24	1.44	January 22, 2024	NIL	The transaction is at arm's length price

On behalf of the Board of Directors

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

Hyderabad, May 15, 2024

ANNEXURE V TO THE BOARD'S REPORT

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

PARTICULARS OF CONSERVATION OF ENERGY

During the financial year 2023-24, the Company implemented various initiatives aimed at enhancing energy efficiency and reducing greenhouse gas (GHG) emissions and water usage across its units. These efforts not only led to substantial energy savings but also significantly contributed to environmental sustainability.

One of the key initiatives involved is the replacement of outdated vacuum pumps at Unit-1 at Bonthapally, resulting in a remarkable energy saving of 70,296 KWH. Additionally, the conventional belt-driven blower motors at the Gagillapur unit were replaced with energy-conserving EC blowers, saving 474,272 KWH. Interlocks were added to RT pumps at Unit-1 Bonthapally to automatically shut down when the set temperature is reached, saving 28,244 KWH. Further,

the installation of rooftop solar panels at the Gagillapur unit enabled the generation and utilization of solar energy directly. Implementing the auto cut-off systems for cooling tower fans, installing Variable Frequency Drives (VFDs) on motors, and incorporating automatic tube cleaning systems for chillers are various initiatives resulting in significant energy savings.

All these initiatives led to a total annual energy saving of 915,945 KWH. By purchasing Renewable Energy Certificates (33,000 MWh) and utilizing solar energy, the Company avoided 28,700 MT of GHG emissions, contributing to environmental protection. The overall share of renewable energy at the Company is commendable, with the Gagillapur unit alone achieving 17.98% of renewable energy utilization. Additionally, these energy-saving measures resulted in a notable financial saving of approximately ₹ 12.02 million across all units.

PARTICULARS OF ABSORPTION

TECHNOLOGY ABSORPTION

1. Efforts made toward technology absorption

The R&D Division at Granules is continuously engaged in developing technology-based products and process improvement for the existing products as part of Continuous Quality Improvement (CQ-IP). This technology absorption starts from the pilot level and is scaled up until the commercial level with a focus on innovation, cost-efficient processes, operational efficiency mapping and integrated manufacturing.

2. Benefits derived like product improvement, cost reduction, product development or import substitution

- a) Through continuous process improvement, products were ensured to meet the quality requirements for Genotoxic limits as specified by global regulatory bodies.
- b) Import substitutions through strategic sourcing within India to enable cost efficiency and continuous supply and to avoid supply disruptions.
- c) Structured programs were enabled for cost improvement of the current products and to overcome the challenge of price erosion.

3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)

No imported technology

- a) Details of technology imported
- b) Year of import
- c) Whether the technology has been fully absorbed
- d) If not fully absorbed, areas where absorption has not taken place, and the reasons therefore

Expenditure Incurred in R&D:

	(₹ in million)	
	FY2023-24	FY2022-23
Capital	90.67	83.63
Recurring	1,328.44	913.54
Total	1,419.11	997.17



Updates on the Research & Development activities of the Company are provided below:

From being known as a leading supplier of APIs and PFI's in bulk, we moved on to become a leading manufacturer of finished dosage forms. Over the years, we have been constantly investing in Research and Development, where our team has been able to passionately translate science and technology into pharmaceutical products and manufacturing processes, meeting global regulatory standards. With experienced and qualified human resources, our R&D capability is the driving force of the current momentum and future growth of the organization. With innovation instilled into the culture of the company at various levels, R&D is a crucial attribute in fostering our vision to become a global leader in the pharmaceutical product development and manufacturing process.

We are augmenting our research capabilities and expanding our product portfolio to address the prospective demand across global markets. From a commercial perspective, our strategic product, process, and market approaches give us a competitive advantage which will enable us to be an integrated player offering both drug substance and the drug product.

2023- 24 – Highlights

In the API division, we filed a total of 39 (6 in FY 23-24) U.S. Drug Master Files ("USDMFs") across several therapeutic categories with the United States Food and Drug Administration ("U.S. FDA") in the United States, 24 (Certificates of Suitability ("CEPs") with the European Directorate for the Quality of Medicines ("EDQM") and 5 European Drug Master Files ("EDMFs") in Europe, along with other regulatory filings in key regulated markets to support potential customers for ANDA and dossier filings.

- As part of our vertical integration strategy, we intend to file ANDAs for several of these APIs to forward integrate into FDFs.
- As part of our control substances expansion, we have developed 4 APIs towards vertical integration to FD. The products are developed in our control substances lab and validated in unit V.
- As part of the Green initiative, the Bio-catalysis group is actively working on enzymatic processes for APIs and chiral intermediates.

- A fermentation group is created for the development of Peptides and the development of enzymes for Biocatalysis.
- To strengthen our capabilities in crystal morphology studies, we have collaborated with premier institutes like the Indian Institute of Chemical Technology, Hyderabad (IICT) & Indian Institute of Technology (IIT), Hyderabad. This is towards the development of novel polymorphs and improves powder properties of existing products.
- Granules India and the National Institute of Pharmaceutical Education and Research (NIPER) in Mohali Chandigarh, signed a Memorandum of Understanding (MoU), to establish Dr Chigurupati Centre of Excellence in Innovative and Sustainable Pharmaceutical Development (CCE-ISPD).
- This initiative aims to bring sustainability and innovation at the core of pharma research and development. The centre will focus on crucial areas such as exploring plant-based excipients, advancements in polymer-free pharma formulations, innovative methods in producing directly compressible crystals, promotion of solvent-free pharma processes, and the development of resource-efficient and energy-efficient pharma products.
- The Chigurupati Centre of Excellence in Innovative and Sustainable Pharmaceutical Development at NIPER SAS Nagar Mohali embodies the collective determination to confront climate change within the pharmaceutical industry. Through collaboration, innovation, and unwavering commitment, this initiative heralds a new era of sustainability, where healing and environmental stewardship go hand in hand. Together, we forge a path towards a healthier, more sustainable world.
- Towards the Journey to build Granules intellectual property assets, we have filed Ninety-five (95) patent applications in total and currently hold ten granted patents. During the year under review, we filed ten (10) patent applications in India and one international application.

In the finished dosage form division, we filed 77 (7 in FY 23-24) ANDAs with the U.S. FDA of which 62 ANDAs have been approved and 15 are under review. We continued to leverage our ANDA filing into other markets outside the US. In the European region, we filed 12 applications (1 in FY 23-24) of which 11 are approved and 1 is under review. In Canada,

we filed 7 applications of which 6 were approved. A total of 15 applications (5 in FY 23-24) was filed in other markets (South Africa, Belarus, Israel, Saudi and India) of which 7 were approved and 8 are under review.

Granules received 9 ANDA approvals from USFDA in the financial year (2023-2024). These on-time approvals exemplify the quality of our ANDA filings. We also received approval for 03 marketing authorization applications in the European region and 01 application in Canada.

Way Forward

We will continue to leverage our knowledge and experience in our core products to expand them into new markets and dosage forms. This would not only help us to bring economies

of scale, but also, mitigate market-concentrated risk. Steps have been taken in this direction during this financial year, and as an outcome, we filed three dossiers in the European market and working to file additional markets in the coming year.

We will continue to identify and develop complex products with limited competition and bring process efficiencies for our existing products to have a competitive advantage in the market. Looking forward to bringing considerable progress in our technical capabilities to achieve a higher number of regulatory filings. Thus, bringing focus on our R&D activities will enhance our product registrations and filings across a diversified product portfolio for the key markets, as well as strengthen our global presence.

TOTAL FOREIGN EXCHANGE EARNED AND USED

Particulars	FY 2023-24	(₹ in million) FY 2022-23
Foreign Exchange Earnings	35,545.21	36,525.77
Foreign Exchange Outgo	10,083.56	14,119.61



ANNEXURE VI TO BOARD'S REPORT

Information in terms of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each Director and Key Managerial Personnel (KMP) for the financial year 2023-24:

Sl. No.	Name of the Director/KMP	Designation	% increase in remuneration in the FY 2023-24	Ratio of remuneration of each Director / KMP to the median remuneration of employees
1	Dr. Krishna Prasad Chigurupati	Chairman & Managing Director	(10.52)	673.14
2	Dr. Kandiraju Venkata Sitaram Rao	Joint Managing Director & CEO	2.10	205.41
3	Mrs. Uma Devi Chigurupati	Executive Director	(10.53)	67.31
4	Mr. Harsha Chigurupati	Executive Director	(10.53)	67.31
5	Ms. Priyanka Chigurupati(1)	Executive Director	N.A.	N.A.
6	Mr. K. B. Sankar Rao	Non-Executive, Non-Independent Director	(11.45)	8.16
7	Mr. Arun Rao Akinepally	Non-Executive, Independent Director	(13.69)	8.67
8	Mr. Arun Sawhney	Non-Executive, Independent Director	(8.68)	8.86
9	Dr. Saumen Chakraborty	Non-Executive, Independent Director	(11.39)	7.88
10	Mrs. Sucharita Rao Palepu	Non-Executive, Independent Director	(12.62)	7.16
11	Mr. Kapil Kumar Mehan(1)	Non-Executive, Independent Director	N.A.	N.A.
12	Dr. Sethurathnam Ravi(1)	Non-Executive, Independent Director	N.A.	N.A.
13	Mr. Rajiv Pritidas Kakodkar(1)	Non-Executive, Independent Director	N.A.	N.A.
14	Mr. Mukesh Surana (1)	Chief Financial Officer	N.A.	64.47
15	Ms. Chaitanya Tummala (3)	Company Secretary	4.44	10.00

- (1) The remuneration paid in FY 23-24 is not comparable with the previous year.
- (2) Non-Executive Directors were paid a commission on profits and sitting fees for attending the Board and Committee Meetings of the Company.
- (3) Excludes the value of stock options.
- ii) The median remuneration of employees increased by 5 % in the financial year 2023-24.
- iii) The number of permanent employees on the rolls of the Company as of March 31, 2024, is 4,122.
- iv) The average percentage increase in the salaries of employees other than managerial personnel for the financial year 2023-24 was 10.20 % as compared to the financial year 2022-23. There was a decrease of 0.66% in the total remuneration of Executive Directors and KMP for the financial year 2023-24.
- v) It is hereby confirmed that the remuneration to the Directors and KMP for the financial year 2023-24 is as per the performance evaluation and remuneration policy of the Company.

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

Hyderabad, May 15, 2024

CORPORATE GOVERNANCE REPORT

In accordance with regulation 34(3) read with Schedule V of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the report contains the details of Corporate Governance systems and processes at Granules India Limited (Granules or the Company).

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner that ensures accountability, transparency, and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mindset of the organization. We are committed to meeting the aspirations of all our stakeholders.

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability of the management. The demands of Corporate Governance require professionals to raise their competence and capability levels to meet the expectations of managing the enterprise and its resources effectively with the highest standards of ethics. It has thus become crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the inter-relationship among the Board of Directors, Board Committees, Auditors, and the Senior Management Personnel. Granules adheres to the prescribed Corporate Governance practices as per the Listing Regulations and is committed to sound Corporate Governance principles and practices.

The Company also believes that an active, well-informed and independent Board is necessary to ensure the highest standard of corporate governance. At Granules, the Board of Directors is at the core of corporate governance and oversees how the management serves and protects the interests of the stakeholders. The Board of Granules is responsible for and committed to the sound principles of corporate governance in the Company. Our corporate governance framework ensures that we make timely and transparent disclosures regarding our financials and performance, as well as the leadership and governance of the Company. The Company acknowledges the individual and collective responsibility to manage the business activities with integrity.

Appropriate Governance Structure with defined roles and responsibilities

The Company has put in place an internal governance structure with defined roles and responsibilities of every

constituent in the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established seven Committees to discharge its responsibilities effectively and efficiently. The Company Secretary at Granules acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 2013. The Chairman and Managing Director (CMD) provide overall direction and guidance to the Board. Concurrently, the CMD is responsible for the overall implementation of decisions and policies. In the operations and functioning of the Company, the CMD is assisted by the Joint Managing Director & CEO, Executive Directors, and a core group of senior-level executives.

Board Leadership

During the year the Board consists of thirteen Directors, comprising (i) Five Executive Directors, including the Chairman of the Board (ii) One Non-Executive Director and (iii) Seven Independent Directors. The tenure of one of the Independent Directors concluded on March 31, 2024. Currently, the Board consists of twelve Directors out of which six are Independent. At Granules, it is believed that an experienced Board consciously creates a culture of leadership which in turn provides a long-term vision and policy approach to improve the quality of governance.

The Board's actions and decisions are aligned with the Company's best interests. Granules is committed to sustainable development goals and elevating the Company's value creation.

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

Ethics/Governance Policies

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

- ▶ Code of Conduct for Board and Senior Management Personnel
- ▶ Code of Conduct for Prohibition of Insider Trading



- ▶ Code of Practices and Procedures for Fair Disclosure
- ▶ Code of Business Conduct
- ▶ Corporate Social Responsibility Policy
- ▶ Dividend Distribution Policy
- ▶ Performance Evaluation and Remuneration Policy
- ▶ Policy on Material Subsidiaries
- ▶ Related Party Transactions Policy
- ▶ Risk Management Policy
- ▶ Whistle-Blower Policy

THE BOARD OF DIRECTORS

Board Composition and Category of Directors

The Board of Directors of the Company represents the optimum blend of professionalism, knowledge and experience. As of March 31, 2024, the Board of Directors comprised thirteen Directors, of which eight are Non-executive Directors and the composition of the Board and category of Directors are as follows:

SI. No.	NAME OF THE DIRECTOR	CATEGORY
1	Dr. Krishna Prasad Chigurupati* Chairman & Managing Director DIN – 00020180	Non-Independent, Executive
2.	Dr. Kandiraju Venkata Sitaram Rao Joint Managing Director & CEO DIN-08874100	Non-Independent, Executive
3.	Mrs. Uma Devi Chigurupati* DIN – 00737689	Non-Independent, Executive
4.	Mr. Harsha Chigurupati* DIN – 01606477	Non-Independent, Executive
5.	Mrs. Priyanka Chigurupati*(2) DIN-01793431	Non-Independent, Executive
6.	Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive
7.	Mr. Arun Rao Akinepally (4) DIN – 00876993	Independent, Non-Executive
8.	Mr. Arun Sawhney DIN – 01929668	Independent, Non-Executive
9	Dr. Saumen Chakraborty DIN-06471520	Independent, Non-Executive
10	Mrs. Sucharita Rao Palepu DIN – 078077178	Independent, Non-Executive
11	Mr. Kapil Kumar Mehan DIN-01215092	Independent, Non-Executive
12	Dr. Sethurathnam Ravi (1) DIN-00009790	Independent, Non-Executive
13	Mr. Rajiv Pritidas Kakodkar (3) DIN-01519590	Independent, Non-Executive

*Promoter Director

(1) Dr. Sethurathnam Ravi was appointed as a member of the Board with effect from January 23, 2024.

(2) Mrs. Priyanka Chigurupati was appointed as a member of the Board with effect from January 23, 2024.

(3) Mr. Rajiv Pritidas Kakodkar was appointed as a member of the Board with effect from February 20, 2024.

(4) Mr. Arun Rao Akinepally ceased to be a member of the Board on completion of his tenure on March 31, 2024.

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

During the financial year 2023-24, the Company had the Managing Director as Chairman who is also the promoter of the Company and the number of Independent Directors during the year complied with the requirement of having one-half of the Board as Independent Directors. None of the Directors on the Board is a member of more than 10 (ten) Committees or Chairperson of more than 5 (five) Committees as specified in regulation 26(1) of the Listing Regulations, across all the Companies in which he/she is a Director.

Directors' Profile

You can read the detailed profile of the Board of Directors at a separate section of this report and also at <https://granulesindia.com/about-us/our-leadership>.

Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an Independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment as Independent Directors on the Board. The Committee, *inter alia*, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other Companies by such persons in accordance with the Company's Policy for selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation and takes an appropriate decision.

The Company has received a declaration from the Independent Directors confirming that they meet the criteria of independence as prescribed under section 149(6) of the Act read with regulation 16(1)(b) of the Listing Regulations. In terms of regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

In the opinion of the Board, the Independent Directors fulfil the conditions of independence specified in the Act and the SEBI Listing Regulations and are independent of the management.

No Independent Director has resigned from the Directorship of the Company before the expiry of their term of appointment during the financial year ended March 31, 2024.

Mr. Arun Rao Akinepally was the Lead Independent Director during the financial year 2023-24. Upon the completion of the tenure of Mr. Arun Rao Akinepally as an Independent Director, the Independent Directors elected Mr. Arun Sawhney as the Lead Independent Director of the Company with effect from April 01, 2024.

Meetings of Independent Directors

The Company's Independent Directors met four times during the financial year 2023-24 without the presence of Executive Directors and other members of the management. During these meetings, the Independent Directors reviewed the performance of the Company and its Non-Independent Directors, that of the Chairman & Managing Director, and the Board along with the quality of the information given to the Board. It also enabled the Independent Directors to discuss matters about the Company's affairs and put forth their views to the Lead Independent Director. The Lead Independent Director takes appropriate steps to present Independent Directors' views to the Chairman and Managing Director.

MEETINGS OF THE BOARD AND ITS COMMITTEES AND PROCEDURES

Institutionalised decision-making process

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

The Board has constituted seven Committees, namely Audit Committee, Nomination and Remuneration Committee, Share Transfer and Stakeholders Relationship Committee, Sustainability & Corporate Social Responsibility Committee, Risk Management Committee, Business Review Committee and Growth Opportunities Evaluation & Investment Committee. The Board is authorized to form additional functional Committees, from time to time, depending on business needs and the framework of the law for the time being in force.

Scheduling and Selection of Agenda Items for Board and Committee Meetings

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

The Board / Committee meetings are pre-scheduled, and a tentative annual calendar of the Board and Committee

meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and ensure meaningful participation in the meetings.

The schedule of meetings and their agenda is finalized in consultation with the Chairman of the Board, Chairpersons of the Committees of the Board and the Lead Independent Director and agendas are circulated in advance with detailed notes and appropriate presentations covering finance, marketing, operations, research & developments, an overview of business operations of the subsidiary Companies, global business environment, the Company's business opportunities and strategy and risk management practices.

The meetings are generally held at the registered office of the Company situated at the 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad – 500 081 and sometimes the meetings are also held at the facilities of the Company.

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

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

- ▶ Annual operating plans of businesses and budgets including capital budgets and any updates;
- ▶ Quarterly results of the Company;
- ▶ Company's annual financial results, financial statements, auditor's report and Board's report;
- ▶ Minutes of meetings of the Audit Committee and other Committees of the Board;
- ▶ Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- ▶ Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- ▶ Quarterly details of foreign exchange exposures and steps that were taken by management to limit risks of adverse exchange rate movement, if material;
- ▶ Non-compliance with any regulatory, statutory or listing requirements, and shareholder's service;
- ▶ Appointment, remuneration and resignation of Directors;
- ▶ Formation/reconstitution of Board Committees;
- ▶ Terms of reference of Board Committees;
- ▶ Minutes of Board meetings of unlisted subsidiary Companies;



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

Recording Minutes of Proceedings at Board and Committee Meetings

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

Post-Meeting Follow-up Mechanism

Important decisions taken and suggestions made by the Board and its Committees are promptly communicated to the relevant functional departments. Action taken/ status reports on decisions/ suggestions of the previous meeting(s) are followed up and placed at the succeeding meetings for information and further recommended actions, if any.

Compliance

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

Statutory Compliance Monitoring Tool

The Company has in place a web-based Statutory Compliance Monitoring Tool which has been implemented to streamline and manage compliance tracking of all the statutory & legal compliances needed to be followed by the Company and provides the necessary assurance to the Board.

Number of Board meetings

Six (6) Board meetings were held during the year, as against the minimum requirement of four meetings. The details of the Board meetings held are given below:

Date	Board Strength	No. of Directors Present
May 16, 2023	9	9
August 09, 2023	10	10
November 09, 2023	10	10
January 23, 2024	10	10
March 06, 2024	13	11
March 29, 2024	13	12

Attendance and Directorship & Committee positions in other Companies:

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year April 2023 – March 2024 and the number of Directorships and Committee Chairmanships / Memberships held by them in other Companies are given below.

Name	Category	Attendance at meetings during the FY 2023-24		Number of Directorships in other Public Companies (1)	No. of Membership(s) / Chairmanship(s) of Board Committees in other Companies as on 31-03-2024 (2)
		Board	AGM		
Dr. Krishna Prasad Chigurupati Chairman & Managing Director DIN – 00020180	Non-Independent, Executive	6	Yes	NIL	NIL
Dr. Kandiraju Venkata Sitaram Rao DIN-08874100	Non-Independent, Executive	6	Yes	NIL	NIL
Mr. Harsha Chigurupati DIN – 01606477	Non-Independent, Executive	6	Yes	NIL	NIL
Mrs. Uma Devi Chigurupati DIN – 00737689	Non-Independent, Executive	4	Yes	NIL	NIL
Mrs. Priyanka Chigurupati(2) DIN-01793431	Non-Independent, Executive	2	N.A.	NIL	NIL
Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive	6	Yes	NIL	NIL
Mr. Arun Rao Akinepally(4) DIN – 00876993	Independent, Non-Executive	6	Yes	NIL	NIL
Mr. Arun Sawhney DIN – 01929668	Independent, Non-Executive	6	Yes	NIL	NIL
Dr. Saumen Chakraborty DIN-06471529	Independent, Non-Executive	6	Yes	1 (One)	1 (1 as Chairman)
Mrs. Sucharita Rao Palepu DIN- 07807717	Independent, Non-Executive	5	Yes	NIL	NIL
Mr. Kapil Kumar Mehan DIN-01215092	Independent, Non-Executive	5	Yes	1(One)	NIL
Dr. Sethurathnam Ravi(1) DIN-00009790	Independent, Non-Executive	2	N.A.	8 (Eight)	7 (2 as Chairman)
Mr. Rajiv Pritidas Kakodkar(3) DIN-01519590	Independent, Non-Executive	2	N.A.	1 (One)	NIL

Note:

- (1) Dr. Sethurathnam Ravi was appointed as a member of the Board with effect from January 23, 2024.
- (2) Mrs. Priyanka Chigurupati was appointed as a member of the Board with effect from January 23, 2024.
- (3) Mr. Rajiv Pritidas Kakodkar was appointed as a member of the Board with effect from February 20, 2024.
- (4) Mr. Arun Rao Akinepally ceased to be a member of the Board on completion of his tenure on March 31, 2024.
- (5) The directorships held by Directors as mentioned above, do not include directorships in foreign Companies.
- (6) In accordance with regulation 26(1) of the Listing Regulations, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited Companies (excluding Granules India Limited) have been considered.
- (7) None of the Directors holds Directorships in more than 7 (Seven) listed entities.


Names of the Listed Companies wherein the Directors of the Company are Directors:

Sl. No.	Name of the Director	No. of Directorships in other Listed Companies	Name of the other Listed Companies and category of Directorship as of 31-03-2024
1	Dr. Krishna Prasad Chigurupati	Nil	-
2	Dr. Kandiraju Venkata Sitaram Rao	Nil	-
3	Mr. Harsha Chigurupati	Nil	-
4	Mrs. Uma Devi Chigurupati	Nil	-
5	Mrs. Priyanka Chigurupati	Nil	-
6	Mr. Kolli Basava Sankar Rao	Nil	-
7	Mr. Arun Rao Akinepally	Nil	-
8	Mr. Arun Sawhney	Nil	-
9	Dr. Saumen Chakraborty	1 (One)	Independent Director at • Krishna Institute of Medical Sciences Limited
10	Mrs. Sucharita Rao Palepu	Nil	-
11	Mr. Kapil Kumar Mehan	Nil	-
12	Dr. Sethurathnam Ravi	4 (Four)	Independent Director at • PCBL Limited • Spacenet Enterprises India Limited • Usha Martin Limited • Tourism Finance Corporation of India Limited
13	Mr. Rajiv Pritidas Kakodkar	1(One)	Independent Director at Vasundhara Rasayans Limited

Shares held by Non-Executive Directors:

The number of equity shares of the Company held by Non-Executive Directors, as of March 31, 2024 are as follows:

SL. No.	Name of Non-Executive Director	No. of shares held	Percentage of paid-up capital
1.	Mr. Arun Rao Akinepally (holding along with his spouse)*	2,77,930	0.11
2.	Mr. Kolli Basava Sankar Rao (holding along with his spouse)	39,22,755	1.62
3.	Mr. Arun Sawhney	Nil	Nil
4.	Dr. Saumen Chakraborty	Nil	Nil
5.	Mrs. Sucharita Rao Palepu	Nil	Nil
6.	Mr. Kapil Kumar Mehn	Nil	Nil
7.	Dr. Sethurathnam Ravi	Nil	Nil
8.	Mr. Rajiv Pritidas Kakodkar (holding along with his spouse)	6,000	0.00

Note: Mr. Arun Rao Akinepally ceased to be a member of the Board on completion of his tenure on March 31, 2024.

Core Skills / Expertise / Competencies of the Board of Directors

The Board is comprised of qualified members who possess the required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The following skills/expertise/competencies have been identified for the effective functioning of the Company and are currently available with the Board:

- ▶ Leadership and Strategic Planning
- ▶ Industry Experience
- ▶ Global Business
- ▶ Operations and Research & Development
- ▶ Finance
- ▶ Human Resources

Sl. No.	Name of the Director	Skills & expertise					
		Leadership and Strategic Planning	Industry Experience	Global Business	Operations and Research & Development	Finance	Human Resources
1	Dr. Krishna Prasad Chigurupati	✓	✓	✓	✓	✓	✓
2	Dr. Kandiraju Venkata Sitaram Rao	✓	✓	✓	✓	✓	✓
3	Mrs. Uma Devi Chigurupati	✓	✓	✓		✓	✓
4	Mr. Harsha Chigurupati	✓	✓	✓	✓	✓	✓
5.	Mrs. Priyanka Chigurupati	✓	✓	✓	✓	✓	✓
6.	Mr. Kolli Basava Sankar Rao	✓	✓	✓	✓	✓	✓
7.	Mr. Arun Rao Akinepally	✓	✓	✓	✓	✓	✓
8.	Mr. Arun Sawhney	✓	✓	✓	✓	✓	✓
9.	Dr. Saumen Chakraborty	✓	✓	✓	✓	✓	✓
10.	Mrs. Sucharita Rao Palepu	✓		✓		✓	✓
11	Mr. Kapil Kumar Mehan	✓	✓	✓	✓	✓	✓
12.	Dr. Sethurathnam Ravi	✓	✓	✓		✓	✓
13.	Mr. Rajiv Pritidas Kakodkar	✓	✓	✓	✓	✓	✓

COMMITTEES OF THE BOARD

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

Audit Committee

The primary objective of the Committee is to monitor and provide effective supervision of the management's financial reporting to ensure adequate, accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting. The Committee oversees the work carried out by the management, statutory auditors and internal auditors about the financial reporting process and the safeguards employed by them.

The Committee comprises four members, with a majority being Independent Directors. The composition, procedures, powers and role of the Committee constituted by the Board comply with the requirements of section 177 of the Companies Act, 2013 and regulation 18 of the Listing Regulations. The terms of reference of the Committee are broadly as under:

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

- Recommending the appointment and removal of statutory auditors, internal auditors and cost auditors, fixation of their audit fee and approval for payment for any other services.
- Discussion with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing financial statements and the draft audit reports, including quarterly/half-yearly financial information.
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - The changes in accounting policies and practices.
 - Major accounting entries based on the exercise of judgment by the management.
 - Qualifications/modified opinion in the draft audit report.
 - Significant adjustments arising out of the audit.
 - The going concern assumption.
 - Compliance with the accounting standards, listing regulations & legal requirements concerning financial statements.
 - Disclosure of Related party transactions, claims against the Company and contingent liabilities.
- Reviewing, with the management, external and internal auditors, the adequacy, and compliance of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with the internal auditors on any significant findings and follow up thereon.
- Review of independence of the auditors.
- Evaluation of internal financial controls and risk management system.



- k. Review of borrowings, inter-corporate loans and investments.
- l. Review of the functioning of the whistleblower mechanism.
- m. Review and approve related party transactions.
- n. Review of the corporate annual budget and business plan.
- o. Approval of appointment of Chief Financial Officer.
- p. Any other function as delegated by the Board from time to time and as required under the applicable laws & regulations.

During the financial year April 2023 – March 2024, 5 (Five) Committee meetings were held. The dates on which the said meetings were held are May 15, 2023, August 08, 2023, November 08, 2023, January 22, 2024 and March 29, 2024. The Committee at its meeting held on May 15, 2023, had considered the audited annual accounts for the FY 22-23.

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

Name	Category	Number of meetings during the financial year 2023–2024	
		Held	Attended
Dr. Saumen Chakraborty, Chairman	Independent, Non-Executive	05	05
Mr. Arun Sawhney	Independent, Non-Executive	05	05
Mr. Arun Rao Akinepally	Independent, Non-Executive	05	05
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	05	05

The Committee meetings were also attended by the partner/representatives of the Statutory Auditors and Internal Auditors. Dr. Saumen Chakraborty, the Chairman of the Audit Committee, was present at the 32nd Annual General Meeting of the Company held on August 10, 2023.

The Committee meetings were preceded by the pre-audit Committee meetings with the Chief Financial Officer, the internal & statutory auditors and other key finance personnel of the Company. During these meetings, key audit-related matters are discussed and items that need further discussion at the Committee meetings are identified.

The internal and statutory auditors of the Company discuss their findings & updates and submit their views to the Committee. Separate discussions were held with the internal auditors to focus on compliance issues and to conduct detailed reviews of the processes and internal controls in the Company. Permissible non-audit-related services undertaken by the statutory auditors were pre-approved by the Committee.

The Committee of the Board was reconstituted with the following members with effect from April 01, 2024:

- ▶ Dr. Saumen Chakraborty, Independent Director (Chairman)
- ▶ Mr. Arun Sawhney, Independent Director
- ▶ Dr. Sethurathnam Ravi, Independent Director
- ▶ Dr. Krishna Prasad Chigurupati, Chairman & Managing Director

Nomination & Remuneration Committee

The role of the Committee is to oversee the selection of Directors and Senior Management Personnel based on criteria related to the specific requirement of expertise and independence. The Committee evaluates the performance of Directors and Senior Management Personnel and recommends to the Board the remuneration payable to Directors and Senior Management Personnel of the Company. It has also worked with management to review the organization design, plan for upgrading and retaining talent at all levels, review succession plans for key positions and the performance management systems.

The Committee's composition and terms of reference comply with the provisions of section 178 of the Companies Act, 2013, regulation 19 of the Listing Regulations and Securities and Exchange Board of India (Share-based Employee Benefits) Regulations, 2021 as amended from time to time. The terms of reference of the Committee *inter alia*, are as under:

- a. Make recommendations to the Board regarding the composition of the Board.
- b. Identify persons who are qualified to become Directors and who may be appointed to senior management in accordance with the criteria laid down and recommend to the Board, their appointment, payment of remuneration and changes if any.
- c. Support the Board and Independent Directors, as may be required, in the evaluation of the performance of the Board, its Committees and individual Directors.
- d. Devise a policy on Board diversity.
- e. Review of the compensation strategy, human resources related policies and issues of the Company from time to time.
- f. Review and administer the Company's ESOP schemes and recommend changes if any.

The remuneration policy of the Company aligns with the existing industry practice. The remuneration policy is primarily based on criteria like the performance of the Company, potential, experience and performance of individual personnel and the external environment. The Committee for FY 23-24 comprises three Non-Executive Independent

Directors and the Chairman of the Company as members. Mr. Arun Sawhney, Independent Director, is the Chairman of the Committee.

5 (five) meetings of the Committee were held during the financial year 2023 – 2024. The dates on which the said meetings were held are May 15, 2023, June 06, 2023, July 19, 2023, November 08, 2023 and January 22, 2024. The composition of the Committee and particulars of meetings attended by the members of the Committee are given below:

Name	Category	Number of meetings during the financial year 2023–2024	
		Held	Attended
Mr. Arun Sawhney, Chairman	Independent, Non-Executive	05	05
Mr. Arun Rao Akinepally	Independent, Non-Executive	05	05
Dr. Saumen Chakraborty	Independent, Non-Executive	05	05
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	05	05

Mr. Arun Sawhney, Chairman of the Committee was present at the 32nd Annual General Meeting of the Company held on August 10, 2023.

The Committee of the Board was reconstituted with the following members with effect from April 01, 2024:

- ▶ Mr. Arun Sawhney, Independent Director (Chairman)
- ▶ Dr. Saumen Chakraborty, Independent Director
- ▶ Mr. Kapil Kumar Mehan, Independent Director

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

Share Transfer and Stakeholders Relationship Committee

The Committee looks into various aspects of the interest of the shareholders. The Committee ensures cordial investor relations and oversees the mechanism for the redressal of investors’ grievances. The Committee’s composition and terms of reference comply with the provisions of section 178 of the Companies Act, 2013 and regulation 20 of the Listing Regulations. The terms of reference of the Committee *inter alia*, are as under:

- a. Resolving the grievances of the shareholders.
- b. Reviewing details of the transfer of unclaimed dividend/ equity shares to the Investor Education and Protection Fund Authority.
- c. Reviewing the transmission, de-materialization/re-materialization and issue of duplicate share certificates of the Company’s shares.

d. Reviewing adherence to the service standards in respect of various services being rendered by the Registrar & Share Transfer Agent.

e. Ensuring timely receipt of dividend/annual reports/ statutory notices by the shareholders of the Company.

2 (Two) Meetings of the Committee were held during the financial year April 2023- March 2024. The composition of the Committee during the year April 2023 – March 2024 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2023-24	
		Held	Attended
Mr. Arun Rao Akinepally, Chairman	Independent, Non-Executive	02	02
Mrs. Uma Devi Chigurupati	Non-Independent, Executive	02	02
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	02	02

Mr. Arun Rao Akinepally, Chairman of the Committee was present at the 32nd Annual General Meeting of the Company held on August 10, 2023.

The Committee of the Board was reconstituted with the following members with effect from April 01, 2024:

- ▶ Mr. Kapil Kumar Mehan, Independent Director (Chairman)
- ▶ Dr. Krishna Prasad Chigurupati, Chairman & Managing Director
- ▶ Mrs. Uma Devi Chigurupati, Executive Director

Compliance Officer

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

Investor Grievance Redressal

During the financial year 2023-24, 0 (ZERO) complaints were received from the shareholders and all the grievances were redressed within an average time of 7 days and no complaint is pending as of March 31, 2024.

Sustainability & Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee has been entrusted with the specific responsibility of reviewing corporate social responsibility programs. The scope of the Committee also includes approving the budget for CSR activities, reviewing the CSR programs, formulation of annual action plan and monitoring CSR spending.

The Committee of the Board is constituted in accordance with the provisions of section 135 of the Companies Act, 2013. The terms of reference of the Committee *inter alia*, are as under:



- a. Formulate, review and recommend to the Board the CSR policy containing guiding principles for selection, implementation and monitoring of CSR activities as specified under Schedule VII of the Act;
- b. Formulate and recommend to the Board (including any revisions thereto), an annual action plan in pursuance of the CSR policy and have oversight over its implementation.
- c. Recommend the amount to be spent on CSR activities and review reports on the performance of CSR;

1 (One) meeting of the Committee was held during the financial year April 2023- March 2024. The composition of the Committee during the year April 2023 – March 2024 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2023-24	
		Held	Attended
Mrs. Uma Devi Chigurupati, Chairperson	Non-Independent, Executive	01	01
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	01	01
Mr. Arun Rao Akinepally	Independent, Non-Executive	01	01

The name of the Corporate Social Responsibility Committee has been changed to the Sustainability & Corporate Social Responsibility Committee of the Board to carry out the CSR-related objectives and to supervise sustainability governance for the Company viz., for setting strategic objectives, overseeing performance, and ensuring alignment with the corporate values & goals and to provide leadership and guidance on sustainability initiatives, ensuring they are integrated into the business strategy of the Company.

The Committee of the Board was reconstituted with the following members with effect from April 01, 2024:

- ▶ Mrs. Uma Devi Chigurupati, Executive Director (Chairperson)
- ▶ Dr. Krishna Prasad Chigurupati, Chairman & Managing Director
- ▶ Mr. Rajiv Pritidas Kakodkar, Independent Director
- ▶ Mrs. Sucharita Rao Palepu, Independent Director

The CSR Policy of the Company is available on the website of <https://granulesindia.com/wp-content/uploads/pdf/other-information/8328CSR%20Policy.pdf>

Risk Management Committee

The Committee was constituted by the Board of Directors with its prime responsibility to implement and monitor the risk management plan and policy of the Company. The Committee's composition and terms of reference comply with the provisions of regulation 21 of the Listing Regulations as

amended from time to time. The terms of reference of the Committee *inter alia*, are as under:

- a. Review the detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the Company, including financial, operational, sectoral, sustainability (particularly, ESG-related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan.
- b. Monitor and oversee implementation of the risk management policy, including evaluation of the adequacy of risk management systems.
- c. Ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company.

3 (Three) Meetings of the Committee were held during the financial year April 2023- March 2024. The composition of the Committee during the year April 2023 – March 2024 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2023-24	
		Held	Attended
Mr. Harsha Chigurupati, Chairman	Non-Independent, Executive	03	02
Mr. K.B. Sankar Rao	Non-Independent, Non-Executive	03	03
Mr. Arun Sawhney	Independent, Non-Executive	03	03
Mrs. Uma Devi Chigurupati	Non-Independent, Executive	03	01

The Committee of the Board was reconstituted with the following members with effect from April 01, 2024:

- ▶ Mr. Kapil Kumar Mehan, Independent Director (Chairman)
- ▶ Dr. Sethurathnam Ravi, Independent Director
- ▶ Mr. K.B. Sankar Rao, Non-Executive Director
- ▶ Dr. Krishna Prasad Chigurupati, Chairman & Managing Director
- ▶ Dr. KVS Ram Rao, Joint Managing Director & CEO

Business Review Committee

The Board constituted a Business Review Committee to advise on all matters related to the management/operations of the Company. The Business Review Committee meets periodically to review *inter alia* the operational and financial performance of the Company. 07 (Seven) meetings of the Committee were

held during the financial year April 2023 - March 2024. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2023-24	
		Held	Attended
Mr. K.B. Sankar Rao, Chairman	Non-Independent, Non-Executive	07	07
Mr. Arun Rao Akinepally	Independent, Non-Executive	07	07
Mr. Arun Sawhney	Independent, Non-Executive	07	07
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	07	07

The Committee of the Board was reconstituted with the following members with effect from April 01, 2024:

- ▶ Mr. K.B. Sankar Rao, Non-Executive Director (Chairman)
- ▶ Mr. Arun Sawhney, Independent Director
- ▶ Mr. Rajiv Pritidas Kakodkar, Independent Director
- ▶ Dr. Krishna Prasad Chigurupati, Chairman & Managing Director
- ▶ Mrs. Priyanka Chigurupati, Executive Director

Growth Opportunities Evaluation & Investment Committee

The Board Constituted a Growth Opportunities Evaluation Committee to guide the management for exploring various inorganic growth opportunities.

03 (Three) meetings of the Committee were held during the financial year April 2023 - March 2024. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2023-24	
		Held	Attended
Mr. K.B. Sankar Rao, Chairman	Non-Independent, Non-Executive	03	03
Mr. Arun Sawhney	Independent, Non-Executive	03	03
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	03	03

Details of remuneration paid to the Executive Directors during the FY 23-24

Name	Salary		Perquisites	Commission	(₹ in million) Total
	Fixed	Variable			
Dr. Krishna Prasad Chigurupati Chairman & Managing Director	18.01	-	1.56	296.80	316.37
Dr. Kandiraju Venkata Sitaram Rao Joint Managing Director & CEO	65.92	30.63	-	-	96.55
Mr. Harsha Chigurupati Executive Director	6.01	-	0.03	25.60	31.64
Mrs. Uma Devi Chigurupati Executive Director	2.34	-	0.08	29.22	31.64



Service Contract, Severance Fees, and Notice Period

Terms of Agreement	Dr. Krishna Prasad Chigurupati	Dr. Kandiraju Venkata Sitaram Rao	Mr. Harsha Chigurupati	Mrs. Uma Devi Chigurupati	Mrs. Priyanka Chigurupati
Period of Contract	5 years up to August 31, 2024	5 years up to January 04, 2027	5 years up to August 28, 2024	5 years up to May 30, 2027	5 years up to January 22, 2029
Severance fees/notice period	Six Months	Six Months	Six Months	Three Months	Six Months

There is no separate provision for payment of severance fees.

Details of remuneration paid to Non-Executive Directors during the FY 23-24

During the FY 23-24, the Company paid sitting fees of ₹ 40,000 per meeting to the Non-Executive Directors for attending each meeting of the Board and Business Review Committee and ₹ 30,000 per meeting for attending each meeting of the other Committees of the Board.

The Members at the Annual General Meeting of the Company held on July 27, 2022 approved the payment of commission to each Non-Executive Director at a rate of 0.05% per annum with a maximum limit of 1% of the net profits of the Company as computed under the applicable provisions of the Act. The said commission was decided each quarter by the Nomination & Remuneration Committee. There were no pecuniary transactions with any Non-Executive Director of the Company.

Following are the details of sitting fees paid to the Directors for attending the Board and Committee meetings during the FY 23-24 and the commission paid/provided during the period under review:

Name	Sitting fee	(₹ in million) Commission
Mr. Kolli Basava Sankar Rao	0.67	3.16
Mr. Arun Rao Akinepally	0.91	3.16
Mr. Arun Sawhney	1.00	3.16
Dr. Saumen Chakraborty	0.54	3.16
Mrs. Sucharita Rao Palepu	0.20	3.16
Mr. Kapil Kumar Mehan(1)	0.20	2.86
Dr. Sethurathnam Ravi(2)	0.08	0.55
Mr. Rajiv Pritidas Kakodkar(3)	0.08	0.32

(1) Mr. Kapil Kumar Mehan was appointed as a member of the Board of the Company with effect from May 16, 2023.

(2) Dr. Sethurathnam Ravi was appointed as a member of the Board of the Company with effect from January 23, 2024.

(3) Mr. Rajiv Pritidas Kakodkar was appointed as a member of the Board of the Company with effect from February 20, 2024.

GENERAL BODY MEETINGS

Annual General Meetings

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

AGM	Year	Location	Date	Time	Number of special resolutions passed
32 nd	2022-23	Held Through VC/OAVM	10/08/2023	03:30 PM	2
31 st	2021-22	Held Through VC/OAVM	27/07/2022	03:00 PM	2
30 th	2020-21	Held Through VC/OAVM	05/08/2021	03:00 PM	0

Extraordinary General Meetings

No Extra-Ordinary General Meetings of the members of the Company were held during the period under review and during the three preceding financial years.

POSTAL BALLOT

For the year ended March 31, 2024 three resolutions were passed through postal ballot. Further, there is no immediate proposal for passing any resolution through the Postal Ballot process.

The details of Postal Ballot resolutions of the preceding three years are as under:

Financial Year	Date	Number of special resolutions passed
2023-24	02/04/2024	3
2021-22	24/02/2022	2

DISCLOSURES

i) Related party transactions

All related party transactions that were entered into during FY 23-24 were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There were no materially significant related party transactions entered into by the Company with Promoters, Directors, KMPs or other designated persons which may have a potential conflict with the interest of the Company at large. The Company has not entered into any transaction with any person or entity belonging to the Promoter/Promoter Group which holds(s) 10% or more shareholding in the Company and has not given any loan to any firm/Company in which Directors of the Company are interested.

In compliance with regulations 34(3) and the accounting standard 18, transactions with related parties are disclosed in the notes to accounts.

The Policy on Related Party Transactions as approved by the Board is placed on the website of the Company at <https://granulesindia.com/wp-content/uploads/2022/03/Granules-Related-Party-Transactions-Policy.pdf>

ii) Details of non-compliance etc.

The Company complied with the requirements of the Stock Exchanges, the SEBI and other statutory authorities on all matters related to capital markets. No penalties or strictures were imposed on the Company by any of these authorities during the last three years.

iii) Disclosure of accounting treatment

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

iv) Whistleblower policy

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil Mechanism & Whistle-Blower Policy under which the employees & Directors are free to report violations of applicable laws, regulations and the Code of Conduct without fear of any retaliation. The reportable matters may be disclosed as per the procedure mentioned in the Whistle-Blower Policy of the Company. During the year under review, no personnel of the Company were denied access to the Audit Committee.

Whistle-Blower Policy of the Company is placed on the website of the Company at <https://granulesindia.com/wp-content/uploads/2022/06/Granules-India-Limited-whistle-blower-policy.pdf>

v) Risk management

The Company has a risk management procedure in place which is reviewed periodically. Risk management is carried out to ensure that the Company is not overly dependent on a particular product, customer or geography. In addition, it facilitates risk assessment and timely rectification and helps minimize the risk associated with any strategic, operational, financial, Information Technology and compliance risk across all business operations.

vi) Subsidiary Companies

The subsidiaries of the Company function independently with an adequately empowered Board of Directors. The

minutes of the Board Meetings of subsidiaries are placed periodically before the Board of the Company for its review and statements of all significant transactions and arrangements entered by the subsidiary Companies are also placed before the Board.

In addition to the above, regulation 24 of the SEBI Listing regulations requires that at least one Independent Director on the Board of Directors of the listed entity shall be a Director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not. Accordingly, an Independent Director was appointed to the Board of the unlisted material subsidiaries.

The Company has formulated a policy for determining material subsidiaries and is placed on the website of the Company at <https://granulesindia.com/wp-content/uploads/2022/03/Policy-on-Material-Subsidiaries.pdf>

vii) Code of conduct

The Company has laid down a "Code of Conduct" for the Directors and the Senior Management Personnel. The members of the Board including Independent Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as of March 31, 2024. A declaration to this effect signed by the Joint Managing Director & Chief Executive Officer is given as an annexure to this report. The code is placed on the website of the Company at <https://granulesindia.com/wp-content/uploads/pdf/other-information/Code-of-Conduct-for-Board-and-SMP.pdf>.

viii) CEO and CFO certification

The Joint Managing Director & Chief Executive Officer and the Chief Financial Officer have certified to the Board regarding the compliance of matters specified in regulation 17(8) read with Part B of Schedule II of the Listing Regulations and is given as an annexure to this report. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on May 15, 2024.

ix) Certificate on corporate governance

A certificate from the Company's secretarial auditor, M/s. Saurabh Poddar & Associates confirming compliance with conditions of Corporate Governance, as stipulated under regulation 34 read with Schedule V of the Listing Regulations, is given as an annexure to this Report.

x) Certificate of Non-Disqualification of Directors

A certificate from the Company's secretarial auditor, M/s. Saurabh Poddar & Associates stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the SEBI or the Ministry of Corporate Affairs or any such statutory authority as stipulated under regulation 34 read with



Schedule V of the Listing Regulations is given as annexure to this Report.

xii) Details of the utilization of funds raised through preferential allotment or qualified institutional placement

The Company has not raised any funds through preferential allotment or qualified institutional placement during the financial year ended on March 31, 2024.

xiii) Acceptance of the recommendations of the Committees by the Board of Directors

All the recommendations of the Committees were accepted by the Board of Directors of the Company during the financial year 2023-24.

xiv) Details of fees paid to the statutory auditors

Given below are the details of fees paid to M/s. SR Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors of the Company and to all their network firms & entities on a consolidated basis during the financial year ended March 31, 2024:

Sl. No.	Payments to the Statutory Auditors (excluding taxes)	Fees paid in (₹ in million)
1	Fees for Audit and related services	14.19
2	Fees for Non-Audit services	5.20
Total		19.39

xv) Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries

Sl. No.	Name of the material Subsidiary	Date & Place of Incorporation	Name of the Statutory Auditor	Date of appointment of Statutory Auditor
1.	Granules USA, Inc.	March 05, 2003 in the state of Delaware, USA	M/s. SR Batliboi & Associates LLP	With effect from April 1, 2023
2.	Granules Pharmaceuticals, Inc.	October 21, 2014 in the state of Delaware, USA	M/s. SR Batliboi & Associates LLP	With effect from April 1, 2023

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

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

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

xvii) Familiarization programs for Board members

The Board members are provided with necessary documents, reports and internal policies to enable them to familiarize themselves with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Details of the familiarization programs imparted to Independent Directors are placed on the website of the Company at <https://granulesindia.com/investors/other-information/>

xiv) Disclosures in relation to the sexual harassment of women at the workplace (Prevention, Prohibition and Redressal) Act, 2013

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

Below are the details of complaints received/resolved during the year under review.

Sl. No.	Particulars	No.
1	Number of complaints on Sexual harassment received during the year	Nil
2	Number of complaints disposed of during the year	Nil
3	Number of cases pending as of March 31, 2024	Nil

xviii) Prevention of insider trading

In accordance with the requirements of SEBI (Insider Trading) Regulations, 2015, the Company has formulated a code of conduct for the prohibition of Insider Trading in the Company's Shares. The Code lays down guidelines for procedures to be followed and disclosures to be made while trading in securities of the Company.

xix) Commodity price risks/foreign exchange risk and hedging activities

The Company is not carrying on any Commodity Business. The appropriate disclosure of foreign exchange risk and hedging activities is given in note 2 a (v) of the notes to the standalone financial statements.

xx) Loans & Advances

The Company and its subsidiaries have not granted loans and advances in the nature of loans to firms/ Companies in which Directors of the Company are interested.

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

Regulations	Particular of Regulations	Compliance Status Yes/ No/N.A.
17	Board of Directors	Yes
17A	Maximum number of directorships	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil mechanism	Yes
23	Related party transactions	Yes
24	Corporate governance requirements concerning a subsidiary of the listed entity	Yes
24A	Secretarial audit	Yes
25	Obligations concerning Independent Directors	Yes
26	Obligations concerning Directors and senior management	Yes
27	Other corporate governance requirements	Yes
46(2)(b) to (i)	Website	Yes

xxii) Particulars of Senior Management Personnel(SMP)

The particulars of Senior Management Personnel of the Company as of March 31, 2024:

Name	Designation
Mrs. Priyanka Chigurupati(1)	Executive Director & Head of Marketing
Mr. Mukesh Surana	Chief Financial Officer
Mrs. Chaitanya Tummala	Company Secretary
Mr. Atul Dhavle (2)	Chief Human Resources Officer
Mr. P.V. Srinivas	Chief Technology Officer - Head of R&D
Mr. Anil Arora	President – Operations-Formulations
Mr. Sanjay Kumar	President and Chief Strategy & Sustainability Officer
Mr. G.N. Prashanth	Senior Vice President-Head of Quality
Mr. Sethu Madhavan Sankaran(3)	Senior Vice President-Head of API operations
Mr. Riaz Ahmed	Senior Vice President-Head of Supply Chain Management
Mr. B. Krishna Mohan	Vice-President -Head of IT

- (1) Mrs. Priyanka Chigurupati was appointed w.e.f. January 23, 2024.
- (2) Mr. Atul Dhavle was appointed w.e.f. March 11, 2024.
- (3) Mr. Sethu Madhavan Sankaran was appointed w.e.f. March 29, 2024
- (4) Mrs. Uma Rao G ceased to be CHRO & SMP of the Company w.e.f. closing hours of January 31, 2024.
- (5) Mr. J. Shravan Reddy ceased to be Senior Vice President & Head- API Manufacturing & SMP of the Company w.e.f. closing hours of March 05, 2024.

xxiii) Disclosure of certain types of agreements binding the Company

There are no agreements entered into by the shareholders or promoters or promoter group entities or related parties or Directors or key managerial personnel or employees of the Company or its subsidiaries which either directly or indirectly or have the potential to impact the management or control of the Company by imposing any restrictions or creating any liability upon the Company as specified in Clause 5A of Paragraph A of Part A of Schedule III of the Listing Regulations.

MEANS OF COMMUNICATION

Stock exchange intimations

All submissions to the Stock Exchanges are made through the respective electronic filing systems. All unpublished price-sensitive information, material events or information as detailed in regulation 30 of the Listing Regulations are disseminated to the Stock Exchanges by filing them with the National Stock Exchange of India Limited through the NEAPS portal and with BSE Limited through BSE's Listing Centre.

Financial results

The quarterly/half-yearly/annual financial results are filed with the stock exchanges through their online portals, published in the 'Business Standard' and 'Nava Telangana' newspapers and are displayed on the website of the Company at <https://granulesindia.com/investors/financial-reports/quarterly-results/>.

News releases

Stock exchanges are regularly updated on any developments/events and the same are simultaneously displayed on the Company's website as well; All the releases can be accessed on the website of the Company at <https://granulesindia.com/media/>.

Presentations to institutional investors/analysts

Detailed presentations are made to the institutional investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results through earnings calls. The presentations made and transcripts & audio recordings of the earnings call are updated on the stock exchanges and are also uploaded on the website of the Company at www.granulesindia.com.

Website:

The Company's website www.granulesindia.com contains a separate dedicated section 'Investors' where shareholder information is available.

Annual report

The annual report containing, *inter alia* the Director's report, Corporate Governance report Business Responsibility & Sustainability Report, Audited Standalone & Consolidated



financial statements along with the auditor's report thereon and other important information are circulated to the members and other stakeholders entitled thereto. The Company's Annual Report is also available in a user-friendly and downloadable form at <https://granulesindia.com/investors/financial-reports/annual-reports/>.

Management discussion and analysis (MDA) Report

The report on MDA forms part of the annual report.

SEBI complaints redress system (SCORES)

The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: A centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned Companies and online viewing by investors of actions taken on the complaint and its current status.

Dedicated e-mail ID

The Company has designated the following email ID exclusively for investor servicing: investorrelations@granulesindia.com.

GENERAL SHAREHOLDER INFORMATION

Company Registration Details

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

33rd Annual General Meeting

Date: August 06, 2024

Time: 11.30 A.M.

Venue: The Company is conducting the meeting through VC/OAVM pursuant to the MCA Circular dated May 05, 2020 and as such, there is no requirement to have a venue for the AGM. For details, please refer to the Notice of this AGM.

Financial year

April 1 to March 31

Date of Book Closure

July 31, 2024 to August 06, 2024 (both days inclusive)

Dividend Payment

The final dividend for the financial year 2023-24, if declared, shall be paid /credited on or before September 04, 2024.

Listing on Stock Exchanges

Equity Shares

BSE Limited

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

National Stock Exchange of India Limited (NSE)

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

Payment of Listing Fees

The annual listing fees for the financial year 2024-25 have been paid by the Company to BSE and NSE.

The tentative calendar for the financial year 2024-2025

The tentative dates of the meeting of the Board of Directors for consideration of quarterly financial results for the financial year 2024-2025 are as follows:

Results	Tentative Dates
First quarter	Fourth week of July, 2024
Second quarter and half-yearly	Fourth week of October 2024
Third quarter	Fourth week of January 2025
Fourth quarter and annual	Fourth week of May 2025

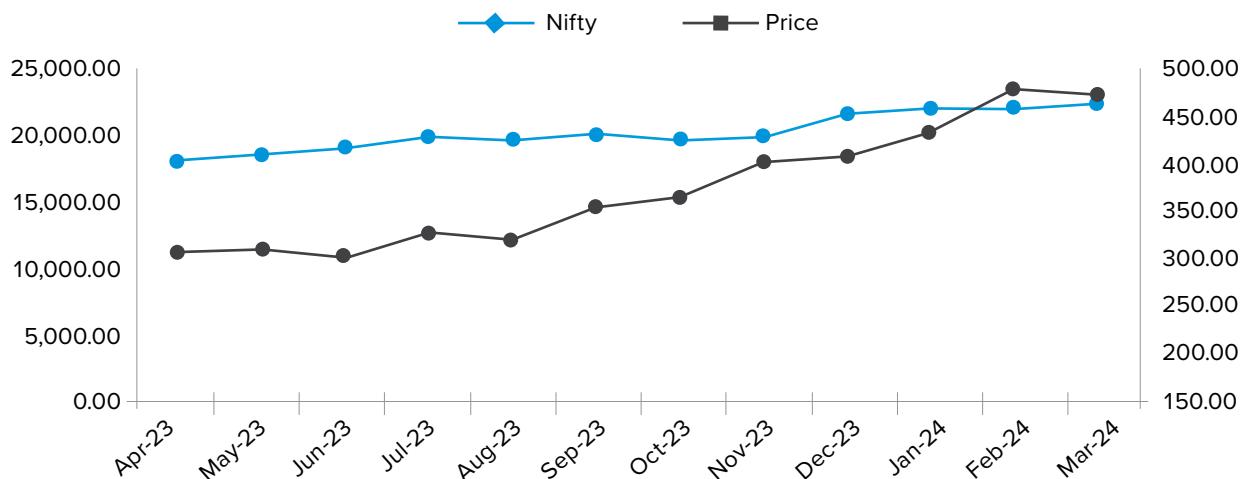
Stock Market Price Data

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

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-23	306.45	288.20	11,00,752	306.50	288.40	1,36,52,355
May-23	309.60	272.00	13,61,970	309.80	272.35	3,09,42,063
Jun-23	302.65	275.30	12,53,862	302.60	275.25	2,79,76,806
Jul-23	326.95	294.15	30,04,085	326.90	294.20	5,01,04,015
Aug-23	330.95	287.55	20,06,859	320.30	287.70	3,63,28,637
Sep-23	356.00	298.15	26,98,083	356.00	298.25	5,24,38,819
Oct-23	365.00	319.20	9,54,630	365.25	318.95	2,14,39,170
Nov-23	404.05	322.40	17,81,908	404.00	322.75	4,49,79,305
Dec-23	409.85	365.70	18,49,886	410.00	365.45	3,15,77,960
Jan-24	435.30	399.60	19,74,573	435.40	400.00	3,30,39,991
Feb-24	480.50	406.60	18,01,096	480.45	406.60	4,02,27,113
Mar-24	474.60	405.25	6,16,898	474.85	405.25	1,61,17,870

Performance of Share Price

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



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





Registrar and Transfer Agent

M/s. KFin Technologies Limited is the Registrar & Transfer Agent of the Company. Any request pertaining to investor services may be addressed to the following address:

KFin Technologies Limited

Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032
Tel: +91-40-67161500
Toll-Free No.: 1-800-309-4001;
e-mail: einward.rise@kfintech.com
Website: www.kfintech.com

Share Transfer System

In terms of regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfer of equity shares in electronic form is effected through the depositories with no involvement of the Company.

Secretarial Audit

M/s. Saurabh Poddar & Associates, Practicing Company Secretaries, has conducted a secretarial audit of the

Company for the financial year 2023-24 in compliance with regulation 24A (1) of the Listing Regulations. The audit report confirms that the Company has complied with the applicable provisions of the Act and the rules made thereunder, Listing Regulations and the applicable SEBI Acts & regulations. The secretarial audit report forms part of the Board's Report.

In accordance with regulation 24A (2) of the Listing Regulations, the Company has obtained an annual secretarial compliance report from M/s. Saurabh Poddar & Associates, Practising Company Secretaries, confirming compliances with all applicable SEBI regulations, circulars and guidelines for the year ended March 31, 2024.

Pursuant to regulation 40(9) of the SEBI Listing Regulations, the certificate has been issued, on a yearly basis, by a Company Secretary in practice, certifying due compliance with share transfer formalities by the Company.

M/s Saurabh Poddar & Associates, Practicing Company Secretary carried out an audit to reconcile the total admitted share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed share capital. The reconciliation of the share capital audit report confirms that the total paid-up share capital was in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Shareholding

a) Shareholding pattern by size as of March 31, 2024

Category (Shares)	No. of Shareholders	No. of Shares held	Percentage of Shareholding
1 - 5000	1,84,282	2,87,23,507	99.37
5001 - 10000	575	41,91,409	0.31
10001 - 20000	216	30,69,903	0.12
20001 - 30000	94	23,77,439	0.05
30001 - 40000	46	16,22,919	0.02
40001 - 50000	28	12,68,664	0.02
50001 - 100000	67	47,64,773	0.04
100001 & ABOVE	145	19,63,50,102	0.08
TOTAL	1,85,453	24,23,68,716	100.00

b) Shareholding pattern category-wise as of March 31, 2024

Category	No. of Shares held	Percentage of Shareholding
Promoter & Promoter Group	10,17,03,525	41.96
Foreign Portfolio Investors	4,74,30,967	19.57
Mutual Funds, Insurance Companies, NBFC etc.	2,59,42,391	10.70
Bodies Corporate	1,01,64,447	4.19
HUF	13,29,734	0.55
Individual Shareholders	5,57,97,652	23.03
TOTAL	24,23,68,716	100.00

Dematerialization of shares and liquidity

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories in India viz. the NSDL and CDSL. The Company's equity shares, representing 99.96% of the Company's share capital were dematerialized as of March 31, 2024.

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

Disclosure concerning Demat suspense account/ unclaimed suspense account

Unclaimed equity shares are held in Granules India Limited-Unclaimed shares suspense account maintained with Stock Holding Corporation of India Limited, G-6 to G-10, East Block, Ground Floor, Swarna Jayanti Commercial Complex, Ameerpet, Hyderabad-500038 vide Client ID: 40451330 and DP ID: IN301220. In accordance with the requirement of Clause F of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company reports the following details in respect of equity shares lying in the suspense account:

Sl. No	Particulars	Number of Shareholders	Number of equity shares
1	An aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense account at the beginning of the year i.e., April 01, 2023.	08	24,000
2	No. of shareholders who approached the Company for the transfer of shares from the Unclaimed Suspense account during the year.	-	-
3	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year.	-	-
4	No. of shareholders and shares transferred to Investor Education and Protection Fund Authority pursuant to the provisions of section 124 of the Companies Act, 2013.	03	14,000
5	An aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year i.e., March 31, 2024.	05	10,000

The voting rights on the shares outstanding in the suspense account shall remain frozen till the rightful owner of such shares claims the shares.

Transfer of shares to Investor Education and Protection Fund

Pursuant to the provisions of section 124 of the Act read with the IEPF Rules, all the shares for which dividends remain unpaid or unclaimed for a period of seven consecutive years or more shall be transferred to the Demat account of the IEPF Authority as notified by the Ministry of Corporate Affairs. Accordingly, the Company has transferred 71,951 (0.029%) equity shares to the IEPF Authority during the financial year 2023-24.

Plant locations:

1. Finished Dosage Unit:

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

2. API Unit – I:

Sy.No.533, 535, 536, 537, 646 & 648, Temple Road, Bonthapally Village, Gummadidala Mandal, Sangareddy District-502313, Telangana, India.

Outstanding Global Depository Receipts (GDRs) or American Depository Receipts (ADRs) or warrants or any other convertible instruments

There are no outstanding GDRs/ADRs/warrants or any other convertible instruments as of 31st March 2024.

Employee Stock Options

The information on stock options granted by the Company and other particulars about employee's stock options during the financial year 2023-24 are set out in the Director's Report.

3. API Unit – II:

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

4. API Unit – III:

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

5. API Unit – IV:

Plot No 8, Jawaharlal Nehru Pharma City, Tadi Village, Parawada Mandal, Anakapally District - 531019, Andhra Pradesh, India.

6. API Unit – V

Plot No.30, Jawaharlal Nehru Pharma City, Parawada Mandal, Anakapally District- 531019, Andhra Pradesh, India.

R & D Centres

- Plot No. 56, Road No. 5, ALEAP Industrial Area, Pragathi Nagar, Gajularamaram village, Qutbullapur Mandal, Hyderabad - 500072, Medchal- Malkajgiri District, Telangana, India.



2. Survey Nos. 234 / 1 to 4 and 6 to 7, 235 /6 to 9 and 245 / 1 to 3, India Land Global Industrial Park, Hinjewadi Phase -1, Mulshi Taluka, Pune District, 411057, Maharashtra, India.
3. H.No.5-33, Sy No.352, Plot No. 8, Road No. 2, ALEAP Industrial Area, Pragathi Nagar, Gajularamaram village, Qutbullapur Mandal, Hyderabad - 500072, Medchal-Malkajgiri District, Telangana, India.
4. Lab No: 11 & 13, Building No:1800, Sy No. 101,101/2 &340, M. N. Park, Genome Valley, Lalgadi Malakpet Village, Shameerpet Mandal, Medchal- Malkajgiri District, 500078, Telangana, India.

Address for correspondence

Registered Office & Corporate Office

2nd Floor, 3rd Block, My Home Hub, Madhapur,
Hyderabad-500081, Telangana, India
Tel: 91-40-69043500, Fax: 91-40-23115145
E-mail: investorrelations@granulesindia.com
Website: www.granulesindia.com

Green Initiative

The Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report to the Members at their e-mail addresses registered with the Depository Participants ('DPs') and RTA. Members who have not registered their e-mail addresses so far are requested to do the same. Those holding shares in demat form can register their e-mail address with their concerned DPs. Members who hold shares in physical form are requested to register their e-mail address with the RTA by sending a letter duly signed by the first/sole holder quoting details of the folio number.

On behalf of the Board of Directors

Dr. Krishna Prasad Chigurupati

Chairman and Managing Director

Hyderabad, May 15, 2024

DIN: 00020180

DECLARATION BY THE JOINT MANAGING DIRECTOR & CEO

I, Kandiraju Venkata Sitaram Rao, Joint Managing Director & CEO hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the 'Code of Conduct in respect of the financial year 2023-24.

Place: Hyderabad
Date: May 15, 2024

Dr. Kandiraju Venkata Sitaram Rao

Joint Managing Director & CEO

DIN: 08874100

CEO AND CFO CERTIFICATE

(Pursuant to regulation 17(8) read with Part B of Schedule II of the Listing Regulations)

To,
The Board of Directors
Granules India Limited

We hereby certify that:

- a. We have reviewed financial statements (standalone & consolidated) including the cash flow statement for the financial year ended March 31, 2024 and to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and comply with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the period, which is fraudulent, illegal or violates the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company for financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee
 - i. that there are no significant changes in internal control over financial reporting during the year;
 - ii. that there are no significant changes in accounting policies during the year; and
 - iii. That there are no instances of significant fraud of which we have become aware of and involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Mukesh Surana
Chief Financial Officer

Dr. Kandiraju Venkata Sitaram Rao
Joint Managing Director & CEO
DIN: 08874100

Place: Hyderabad
Date: May 15, 2024



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
M/s. Granules India Limited
2nd Floor, 3rd Block, My Home Hub,
Madhapur, Hyderabad- 500 081, Telangana.

I, have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Granules India Limited has CIN (Corporate Identification Number L24110TG1991PLC012471) and has its Registered Office at 2nd Floor, 03rd Block, My Home Hub, Madhapur, Hyderabad – 500 081, Telangana, India (the Company), produced before us by the Company to issue this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C subclause (10)(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sl. No.	NAME	DESIGNATION	DIN
1	Dr. Krishna Prasad Chigurupati	Chairman & Managing Director	00020180
2	Dr. Kandiraju Venkata Sitaram Rao	Joint Managing Director & CEO	08874100
3	Mrs. Uma Devi Chigurupati	Executive Director	00737689
4	Mr. Harsha Chigurupati	Executive Director	01606477
5	Mrs. Priyanka Chigurupati	Executive Director	01793431
6	Mr. Basava Sankar Rao Kolli	Non-Executive Director	05167550
7	Mr. Arun Rao Akinepally *	Independent Director	00876993
8	Mr. Arun Sawhney	Independent Director	01929668
9	Dr. Saumen Chakraborty	Independent Director	06471520
10	Mrs. Sucharita Rao Palepu	Independent Director	07807717
11	Mr. Kapil Mehan	Independent Director	01215092
12	Mr. Sethurathnam Ravi	Independent Director	00009790
13	Mr. Rajiv Pritidas Kakodkar	Independent Director	01519590

*Mr. Arun Rao Akinepally retired as an Independent Director of the Company subsequent to the completion of his term on 31st March 2024.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M/s. Saurabh Poddar & Associates**
Company Secretaries
FIRM UIN: S2012AP177700

Name: **Saurabh Poddar**
Designation: Proprietor
Membership No: FCS 9190
COP No: 10787

PR: 785/2020 dated June 30, 2020
UDIN: F009190F000153378

Place: Hyderabad
Date: April 17, 2024

CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI

(Listing Obligations and Disclosure Requirements) REGULATIONS, 2015

To,
The Members,
Granules India Limited

I, Saurabh Poddar, Company Secretary in practice, have been appointed as the Secretarial Auditor vide a resolution passed at its meeting held on May 16, 2023 by the Board of Directors of M/s. Granules India Limited (hereinafter referred to as 'the Company), having CIN:- L24110TG1991PLC012471 and having its registered office at Second Floor, Block III, My Home Hub, Madhapur, Cyberabad, Hyderabad -500081.

I, have examined the compliance of conditions of Corporate Governance by Granules India Limited ("the Company"), for the year ended March 31, 2024, as stipulated in regulations 17 to 27, Clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility

The compliance of conditions of Corporate Governance as stipulated under the Listing Regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

- Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended March 31, 2024.
- We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports and Guidance Note on Certification of Corporate Governance both issued

by the Institute of the Company Secretaries of India (the "ICSI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICSI.

Certification:

- In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned Listing Regulations.

Assumption & Limitation of Scope and Review:

- Ensuring the authenticity of documents and information furnished is the responsibility of the management of the Company.
- Our responsibility is to give a certificate based on our examination of relevant documents and information. It is neither an audit nor an investigation.
- This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
- The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **M/s. Saurabh Poddar & Associates**

Company Secretaries
FIRM UIN: S2012AP177700

Name: **Saurabh Poddar**
Designation: Proprietor
Membership No: FCS 9190
COP No: 10787

Place: Hyderabad PR: 785/2020 dated June 30, 2020
Date: April 19, 2024 UDIN: F009190F000191196

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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)	<p>Our audit procedures, among others included the following:</p> <ul style="list-style-type: none">▶ Assessed the Company's revenue recognition policy in terms of Ind AS 115 ("Revenue from Contracts with Customers").▶ Obtained an understanding, assessed the design and tested the operating effectiveness of key internal controls related to revenue recognition.▶ We selected sample of transactions (including year-end testing of cut-off transactions) and tested the underlying documents, including customer contracts / sales order, invoices and shipping documents to assess and analyze the timing of recognition of revenue and contractual terms; Performed analytical procedures and tested journal entries over revenue as compared to previous periods to identify any unusual variances.▶ Assessed the relevant disclosures made in the standalone financial statements.

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



Other Information

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

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

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

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.
- (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:

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

- (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.

(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

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	AY 2015-16	Commissioner of Income Tax – Appeals.
		"(3.61)		
		2.60	AY 2018 – 19	Commissioner of Income Tax – Appeals
The Central Excise Act, 1944	Excise Duty	15.18	AY 2020 -21	Commissioner of Income Tax – Appeals
		"(5.55)		
The Goods and service tax Act, 2017	Goods and service tax	2.99	FY 2008-09 to FY 2010 – 11	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
		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 LIMITED

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

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

Place: Hyderabad
 Date: May 15, 2024

Place: Hyderabad

Date: May 15, 2024

Mukesh Surana
 Chief Financial Officer

Chaitanya Tummala
 Company Secretary



Standalone Statement of Profit and Loss

(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

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

Place: Hyderabad
Date: May 15, 2024

Place: Hyderabad
Date: May 15, 2024

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

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		
	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	Total other Equity
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		
	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	Total other Equity
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

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

Place: Hyderabad
Date: May 15, 2024

Place: Hyderabad
Date: May 15, 2024

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

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
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)
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
Net increase in cash and cash equivalents	(A+B+C)	400.97
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		
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

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

Place: Hyderabad
Date: May 15, 2024

Place: Hyderabad
Date: May 15, 2024

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Notes to Standalone Financial Statements (Cont..)

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

1 Company overview

1.1 Reporting entity

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

Notes to Standalone Financial Statements (Cont..)

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

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.

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.

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.

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.

Notes to Standalone Financial Statements (Cont..)

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

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.

Notes to Standalone Financial Statements (Cont..)

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

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.

Notes to Standalone Financial Statements (Cont..)

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

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".

I. 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.

Notes to Standalone Financial Statements (Cont..)

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

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
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
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
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
Capital work-in-progress										
Particulars										
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
Balances at the beginning of the year										634.60
Additions										1,941.46
Capitalized during the year										1,266.67
Balances at the end of the year										(1,375.96)
										525.31
										634.60

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

Particulars	
As at March 31, 2023	
As at March 31, 2024	

Capital work-in-progress- Movement

Particulars	
March 31, 2024	
Balances at the beginning of the year	634.60
Additions	1,941.46
Capitalized during the year	1,266.67
Balances at the end of the year	(1,375.96)
	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				Amount for a period of			
	Less than 1 year	1-2 years	2-3 years	Total	Less than 1 year	1-2 years	2-3 years	Total
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)		
Ipcia 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						Total
	Not Due	< 6 months	6 months - 1 year	1-2 Years	2-3 years	> 3 years	
(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
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 EEFCC 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
Total	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
Total	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
Less: Inventory at the end of the year	22,172.20	24,323.03
Cost of materials consumed	2,900.96	3,323.75
	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	0.17	0.14
Opening Balance	128.20	109.99
Amount required to be spent during the year	128.24	110.02
Amount spent during the year		
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
	Before tax	Net of tax	Before tax
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
	Claims arising from disputes not acknowledged as debts - direct taxes	Claims arising from disputes not acknowledged as debts - indirect taxes	
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.

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	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

Notes to Standalone Financial Statements (Cont..)

(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	-

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
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				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Carrying amount			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Fair value through other comprehensive income (FVOCI)	Assets/ liabilities at amortized cost method	Total carrying amount			
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				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Carrying amount			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Fair value through other comprehensive income (FVOCI)	Assets/ liabilities at amortized cost method	Total carrying amount			
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	-

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, 2023				Fair Value						
	Mandatorily at fair value through profit and loss (FVTPL)	Carrying amount			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)				
		Fair value through other comprehensive income (FVOCI)	Assets/ liabilities at amortized cost method	Total carrying amount							
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 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 -

Particulars	(All amounts are in Indian Rupees Millions)		
	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

Particulars	(All amounts are in Indian Rupees Millions)		
	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			Total
	Not later than one year	Later than one year and not later than five years	Later than five years	
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

Notes to Standalone Financial Statements (Cont..)

(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

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

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

Revenue from operations: (refer note 2 (I) to the consolidated financial statements):

Revenue from sale of goods is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. 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.

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.

How our audit addressed the key audit matter

Our audit procedures, among others included the following:

- ▶ Assessed the Group's revenue recognition policy in terms of Ind AS 115 ("Revenue from Contracts with Customers").
- ▶ Obtained an understanding, assessed the design and tested the operating effectiveness of key internal controls related to revenue recognition.
- ▶ We selected sample of transactions (including year-end testing of cut-off transactions) and tested the underlying documents, including customer contracts / sales order, invoices and shipping documents to assess and analyze the timing of recognition of revenue and contractual terms; Performed analytical procedures and tested journal entries over revenue as compared to previous periods to identify any unusual variances.

**Key audit matter**

We identified the recognition of revenue from sale of goods as a key audit matter because:

- 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.
- 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.

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.

How our audit addressed the key audit matter

- ▶ 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;
- ▶ 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;
- ▶ 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.
- ▶ 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

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

Place: Hyderabad
Date: May 15, 2024

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Place: Hyderabad
Date: May 15, 2024



Consolidated Statement of Profit and Loss

(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

Place: Hyderabad
Date: May 15, 2024

Place: Hyderabad
Date: May 15, 2024

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

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	
	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	Equity attributable to the shareholders of the Company	Non- Controlling interests
March 31, 2024							242.04			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
	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
Profit for the year	-	-	-	-	-	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)	-	-	-	-	-	-	-	-	-	-	-
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	-
Profit for the year	-	-	-	-	-	-	-	-	-	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			
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	(4.25)	88.55	120.70
Transactions with owners, recorded directly in equity								
Equity shares issued during the year	-	31.29	-	-	-	-	-	31.29
Dividends	-	-	-	-	-	(363.06)	-	(363.06)
Transaction costs in relation to issue of equity shares	-	-	-	-	-	(23.13)	-	(23.13)
Share-based payment	-	-	-	-	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)	1,213.69
							(124.29)	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

Dr. K.V.S Ram Rao
Joint Managing Director and Chief Executive Officer
DIN : 00020180

Mukesh Surana
Chief Financial Officer
Place: Hyderabad
Date: May 15, 2024

Chaitanya Tummala
Company Secretary



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

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

Place: Hyderabad
Date: May 15, 2024

Place: Hyderabad
Date: May 15, 2024

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

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 (PFI) 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:

Notes to Consolidated Financial Statements (Cont..)

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

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

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.

Notes to Consolidated Financial Statements (Cont..)

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

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.

Notes to Consolidated Financial Statements (Cont..)

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

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

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

The factors that the 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.

Notes to Consolidated Financial Statements (Cont..)

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

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 recognises 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".

I. 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

Notes to Consolidated Financial Statements (Cont..)

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

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
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
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
Accumulated Depreciation										
At March 31, 2022	-	1,00.65		12.68	5,504.51	182.84	98.76	224.38	131.20	38.92
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
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
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
Capital work-in-Progress- Movement										
Particulars										
Balance at the beginning										March 31, 2024
Additions including exchange differences*										2,280.44
Capitalized during the year										(3,230.26)
Balance at the end										2,595.43

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
As at March 31, 2024

	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 1 year	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)		
Ipcra Laboratories Limited - 100 (March 31, 2023: 100) equity shares	0.01	0.01
Total	215.15	212.10

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
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	(A)	(62.86)	(44.75)
		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	(B)	(275.92)	(243.62)
		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

Notes to Consolidated 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						Total
	Not Due	< 6 months	6 months - 1 year	1-2 Years	2-3 years	> 3 years	
(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
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%	-

Notes to Consolidated Financial Statements (Cont..)

(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	

Notes to Consolidated Financial Statements (Cont..)

(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 (vi))	1,250.10	1,478.03
Working capital loan (unsecured) (refer note (vii))	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

Notes to Consolidated Financial Statements (Cont..)

(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

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- iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.

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- iv) The amount of interest accrued and remaining unpaid at the end of each accounting year;

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- v) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.

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The 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.

Notes to Consolidated Financial Statements (Cont..)

(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	-	5.97
(i) Construction/acquisition of any asset	128.24	104.05
(ii) On purposes other than (i) above in cash	-	-
(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	0.17	0.14
Opening Balance	128.20	109.99
Amount required to be spent during the year	128.24	110.02
Amount spent during the year	0.21	0.17
Closing balance		

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

Notes to Consolidated Financial Statements (Cont..)

(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

Notes to Consolidated Financial Statements (Cont..)

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

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 at 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
		2.82
Employee stock option scheme, net		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
ii) 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				Fair Value		
	Carrying amount				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	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			
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	-	-	-

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, 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.

Notes to Consolidated Financial Statements (Cont..)

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. As the Group's debt obligation with floating interest rates are primarily in USD/EURO which is subject to insignificant change, exposure to the risk of changes in market interest rates are substantially independent of changes in market interest rates.

Interest rate sensitivity

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

Particulars	Change in basis points	March 31, 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 -

Particulars	(All amounts are in Indian Rupees Millions)		
	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

Particulars	(All amounts are in Indian Rupees Millions)		
	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			Total
	Not later than one year	Later than one year and not later than five years	Later than five years	
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

Notes to Consolidated Financial Statements (Cont..)

(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	% of equity interest		
	Country of incorporation	March 31, 2024	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

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



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

Name of the Subsidiary	Granules USA, Inc.,	Granules Pharmaceuticals Inc.,	Granules Europe Limited	Granules Lifesciences Private Limited	Granules CZRO Private Limited	(₹ In Millions)
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

Mukesh Surana
 Chief Financial Officer

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

Chaitanya Tummala
 Company Secretary



Granules India Limited
(CIN: L24110TG1991PLC012471)

Regd. Office: 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad - 500 081, Telangana
Web: www.granulesindia.com, Email: investorrelations@granulesindia.com, Tel:+91-40-69043500.

NOTICE

Notice is hereby given that the 33rd Annual General Meeting (AGM) of the members of Granules India Limited (the Company) will be held on Tuesday, August 06, 2024 at 11.30 A.M. IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business. The meeting venue shall be deemed to be the Registered Office of the Company situated at the 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad - 500 081, Telangana.

ORDINARY BUSINESS:

1. To consider and adopt (a) the audited standalone financial statements of the Company for the financial year ended March 31, 2024 and the reports of the Board of Directors and the Auditors thereon; and (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2024 and the report of Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions**:
 - (a) "**RESOLVED THAT** the audited standalone financial statements of the Company for the financial year ended March 31, 2024 and the reports of the Board of Directors and Auditors thereon be and are hereby considered and adopted."
 - (b) "**RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended March 31, 2024 and the report of Auditors thereon be and are hereby considered and adopted."
2. To declare a final dividend of ₹ 1.50 per equity share for the financial year ended March 31, 2024 and, in this regard, pass the following resolutions as **Ordinary Resolution**:

"**RESOLVED THAT** a final dividend at the rate of ₹ 1.50 per equity share of ₹ 1/- (One rupee) each fully paid-up of the Company be and is hereby declared for the financial year ended March 31, 2024 and the same be paid as recommended by the Board of Directors of the Company, out of the profits of the Company for the financial year ended March 31, 2024."

3. To appoint a Director in place of Mrs. Uma Devi Chigurupati (DIN:00737689), who retires by rotation and is being eligible, seeks re-appointment and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of section 152 of the Companies Act, 2013, Mrs. Uma Devi Chigurupati (DIN:00737689), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

4. To re-appoint Mr. Harsha Chigurupati (DIN:01606477) as a Whole Time Director of the Company in terms of provisions of Sections 196, 197 and 203 reads with Schedule V of the Companies Act, 2013, and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolutions as **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the members be and is hereby accorded for the re-appointment of Mr. Harsha Chigurupati (holding DIN 01606477), as Whole-Time Director of the Company for a further term of 5 (five) years effective from August 29, 2024, liable to retire by rotation on the following terms and conditions:

Terms and Conditions:

(a) Salary, Perquisites and Allowances per annum:

Particulars	Amount in ₹ in Lakhs
Salary along with perquisites and allowances	60.00

The perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of the Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.



The Whole-Time Director is entitled to medical reimbursement as per the policy of the Company for senior managerial executives.

(b) Statutory Benefits:

The Company's contribution to provident fund, superannuation or annuity fund, if any to the extent these singly or together are not taxable under the Income Tax law, gratuity payable and encashment of leave, as per the rules of the Company and to the extent not taxable under the Income Tax law, shall not be included for the purpose of computation of the overall ceiling of remuneration.

(c) Reimbursement of Expenses:

Expenses incurred for travelling, boarding and lodging during business trips and provision of the car(s) for use on the Company's business and communication expenses at residence shall be reimbursed at actuals and not considered as perquisites.

(d) General:

- (i) The Whole-Time Director will perform his duties with regard to the work of the Company and will manage and attend to such business and carry out the orders and directions given by the Board and or the Managing Director from time to time.
- (ii) The Whole-Time Director shall adhere to the Company's Code of Conduct.
- (iii) The office of the Whole-Time Director may be terminated by the Company or by him by giving 6 (Six) months prior notice in writing.

"RESOLVED FURTHER THAT in case of the adequacy of profits, considering the performance of Mr. Harsha Chigurupati, he will be paid such commission which, together with salary, allowances and perquisites shall not exceed 0.5% of the net profits of the Company on a standalone basis calculated in accordance with the provisions of section 198 of the Companies Act, 2013."

"RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company considering the performance of Mr. Harsha Chigurupati shall pay the remuneration by way of salary, perquisites, commission or any other allowances as specified in the above resolution and in accordance with the limits specified under section II of Part II of Schedule V of the Companies Act, 2013 or such other limits as may be prescribed by the Ministry of Corporate Affairs from time to time in this regard, as a minimum remuneration."

"RESOLVED FURTHER THAT Mr. Harsha Chigurupati, Whole Time Director shall not be paid sitting fees for attending meetings of the Board of Directors or any Committee(s) thereof."

5. To appoint Dr. Krishna Prasad Chigurupati (DIN: 00020180), as Chairman & Managing Director of the Company in terms of provisions of Sections 196, 197, 198 and 203 reads with Schedule V to the Companies Act, 2013 of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass the following resolution as a **special resolution**:

"RESOLVED THAT pursuant to the provisions of sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, consent of the members be and is hereby accorded for the re-appointment of Dr. Krishna Prasad Chigurupati (holding DIN: 00020180), as a Managing Director of the Company for a further term of 5 (five) years effective from September 01, 2024, not liable to retire by rotation on the following terms and conditions:

Terms and Conditions:

(a) Salary, Perquisites and Allowances per annum:

Particulars	Amount in ₹ in Lakhs
Salary along with perquisites and allowances	216.00

The perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of the Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. The Managing Director is entitled to medical reimbursement as per the policy of the Company for senior managerial executives.

(b) Statutory Benefits:

The Company's contribution to provident fund, superannuation or annuity fund, if any to the extent these singly or together are not taxable under the Income Tax law, gratuity payable and encashment of leave, as per the rules of the Company and to the extent not taxable under the Income Tax law, shall not be included for the purpose of computation of the overall ceiling of remuneration.

(c) Reimbursement of Expenses:

Expenses incurred for travelling, boarding and lodging during business trips and provision of the car(s) for use on the Company's business and communication expenses at residence shall be reimbursed at actuals and not considered as perquisites.

(d) General:

- (a) The Managing Director will perform his duties with regard to the work of the Company and will manage and attend to such business and carry out the orders and directions given by the Board.
- (b) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to the duties of Directors.
- (c) The Managing Director shall adhere to the Company's Code of Conduct.
- (d) The office of the Managing Director may be terminated by the Company or by him by giving 6 (Six) months prior notice in writing.

"RESOLVED FURTHER THAT in case of the adequacy of profits, considering the performance of Dr. Krishna Prasad Chigurupati, he will be paid such commission which, together with salary, allowances and perquisites

shall not exceed 5 % of the net profits of the Company on a standalone basis calculated in accordance with the provisions of section 198 of the Companies Act, 2013."

"RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company considering the performance of Dr. Krishna Prasad Chigurupati, shall pay the remuneration by way of salary, perquisites, commission or any other allowances as specified in the above resolution and in accordance with the limits specified under section II of Part II of Schedule V of the Companies Act, 2013 or such other limits as may be prescribed by the Ministry of Corporate Affairs from time to time in this regard, as a minimum remuneration."

"RESOLVED FURTHER THAT Dr. Krishna Prasad Chigurupati be and is hereby designated as Chairman & Managing Director of the Company as per the applicable Act and regulations that are in force for the time being."

"RESOLVED FURTHER THAT Dr. Krishna Prasad Chigurupati Chairman & Managing Director shall not be paid sitting fees for attending meetings of the Board of Directors or any Committee(s) thereof."

By Order of the Board of Directors

Place: Hyderabad

Chaitanya Tummala

Date: May 15, 2024

Company Secretary



NOTES:

1. The Explanatory Statement setting out all material facts as required under Section 102 of the Companies Act, 2013 in respect of the special business of the Company is appended and forms part of this Notice.
2. The Ministry of Corporate Affairs ('MCA'), vide it's General Circular No. 20/2020 dated May 5, 2020 read with General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 02/2021 dated January 13, 2021, 19/2021 dated December 8, 2021, 21/2021 dated December 14, 2021, 10/2022 dated December 28, 2022 and latest 09, 2023 dated September 25, 2023 ("MCA Circulars") has permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the members at a common venue. In accordance with the said MCA Circulars and applicable provisions of the Act, the 33rd AGM of the Company shall be conducted through VC/ OAVM.
 - (b) The Board of Directors of the Company at their Meeting held on May 15, 2024 has recommended a final dividend of ₹ 1.50/- per share on equity share of ₹ 1/- each for the financial year 2023- 24. The final dividend, if declared, at the Annual General Meeting, will be paid on or before September 04, 2024 to the shareholders holding the equity shares of the Company as on the record date fixed for the payment of the dividend i.e., July 30, 2024.
3. As the AGM shall be conducted through VC/OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
4. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. In the case of joint holders, the member whose name appears as the first holder in the order of names as per the register of members of the Company will be entitled to vote at the AGM.
6. In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for FY 2023-24 is being sent only through electronic mode to those Members whose email addresses are registered with the Company or Depository Participant(s). Shareholders are also requested to visit the website of the Company www.granulesindia.com or the website of the Registrar and Transfer Agent www.kfintech.com or the website of the stock exchanges, NSE and BSE to download the Annual Report and Notice of the AGM.
7. The relevant details, pursuant to regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Directors seeking appointment / re-appointment at this AGM is annexed with this notice.
8. (a) The Company has notified closure of Register of Members and Share Transfer Books from Wednesday, July 31, 2024 to, Tuesday, August 06, 2024 (both days inclusive) for the purpose of AGM.
9. Under the Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from the dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ M/s. KFin Technologies Limited (in case of shares held in physical mode) and depositories (in case of shares held in Demat mode). A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by uploading the documents at <https://ris.kfintech.com/form15.Shareholders> are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under the tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by uploading the documents at <https://ris.kfintech.com/form15>.

The aforesaid declarations and documents need to be submitted by the shareholders by 5.00 p.m. IST on July 30, 2024.
10. Dividend in case of Non-KYC Compliant Folios:

Shareholders are requested to note that pursuant to the SEBI circular dated November 03, 2021 (subsequently amended by circulars dated December 14, 2021, March 16, 2023 and November 17, 2023) mandated that the security holders (holding securities in physical form), whose folio(s) were not updated with the KYC details (any of the details viz., PAN, choice of nomination, contact details, Mobile number, Bank account details and signature, if any) shall be eligible for payment of dividend in respect of such folios, only through electronic mode with effect from April 01, 2024.

- Shareholders are required to update the KYC details by submitting the relevant ISR forms duly filled in along with self-attested supporting proofs. The forms can be downloaded from the website of the Company and the Registrars and Transfer Agent.
11. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of the dividend. The Company or its Registrars and Transfer Agent, KFin Technologies Limited ("KFintech") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.
 12. Securities of listed companies can be transferred only in the dematerialized form with effect from April 01, 2019 as notified by SEBI on December 03, 2018. In view of this and to avail various benefits of dematerialization, members are advised to dematerialize shares held by them in physical form.
 13. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with M/s. KFin Technologies Limited in case the shares are held by them in physical form.
 14. Members are requested to intimate changes, if any, about their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as the name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participants in case the shares are held by them in electronic form and to M/s. KFin Technologies Limited in case the shares are held by them in physical form to avoid freezing of the folios.
 15. (a) Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules"), all shares on which dividend has not been claimed for seven consecutive years or more shall be transferred to IEPF Authority. Details of shares transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: <https://granulesindia.com/investors/investor-resources/unclaimed-dividend-shares-transferred-to-iepf/>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.
 - (b) Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned members/investors are advised to visit the weblink: <http://iepf.gov.in/IEPFA/refund.html> or contact KFinTech to lodge a claim for refund of the shares and/or dividend from the IEPF Authority.
 16. Due dates for transfer of unclaimed/unpaid dividends for the financial year 2016-17 and thereafter to IEPF:
- | Financial year | Type of dividend | Due date of transfer |
|----------------|------------------|----------------------|
| 2016-2017 | Final | 03.11.2024 |
| 2017-2018 | 1st Interim | 19.09.2024 |
| | 2nd Interim | 15.12.2024 |
| | 3rd Interim | 16.03.2025 |
| | Final | 12.10.2025 |
| 2018-2019 | 1st Interim | 28.08.2025 |
| | 2nd Interim | 04.12.2025 |
| | 3rd Interim | 06.03.2026 |
| | Final | 03.10.2026 |
| 2019-2020 | 1st Interim | 03.09.2026 |
| | 2nd Interim | 26.11.2026 |
| | 3rd Interim | 25.02.2027 |
| | Final | 18.09.2027 |
| 2020-2021 | 1st Interim | 22.08.2027 |
| | 2nd Interim | 25.11.2027 |
| | 3rd Interim | 05.03.2028 |
| | Final | 10.09.2028 |
| 2021-2022 | 1st Interim | 01.09.2028 |
| | 2nd Interim | 18.12.2028 |
| | 3rd Interim | 16.03.2029 |
| | Final | 01.09.2029 |
| 2022-2023 | Final | 15.09.2030 |
17. Members seeking any information about the accounts or any matter to be placed at the AGM, are requested to write to the Company before 5.00 pm on August 04, 2024 through email on investorrelations@granulesindia.com. The same will be replied to by the Company suitably.
 18. Procedure of E-Voting and attending AGM:
 - i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to the E-voting facility provided by the listed entities, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by M/s KFin Technologies Limited (KFintech), on all the resolutions outlined in this Notice. The instructions for e-voting are given below.



- ii. However, under SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on “e-voting facility provided by Listed Companies”, e-voting process has been enabled to all the individual Demat account holders, by way of a single login credential, through their Demat accounts/ websites of Depositories / DPs to increase the efficiency of the voting process.
- iii. Individual Demat account holders would be able to cast their vote without having to register again with the e-voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in the e-voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access the e-voting facility.
- iv. The remote e-voting period commences from 9.00 a.m. (IST) on August 02, 2024, and ends at 5.00 p.m. (IST) on August 05, 2024.
- v. The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as of the cut-off date i.e. Tuesday, July 30, 2024.
- vi. Any person holding shares in physical form and non-individual shareholders, who acquire shares of the Company and become a member of the Company

Details on Step 1 are mentioned below:

- I) Login method for remote e-Voting for Individual shareholders holding securities in Demat mode.

Type of shareholders	Login Method
<u>Individual Shareholders holding securities in Demat mode with NSDL</u>	<p>1. User already registered for IDeAS facility:</p> <ul style="list-style-type: none"> i. Visit URL: https://eservices.nsdl.com ii. Click on the “Beneficial Owner” icon under “Login” under the ‘IDeAS’ section. iii. On the new page, enter the User ID and Password. Post successful authentication, click on “Access to e-Voting” iv. Click on the company name or e-Voting service provider and you will be redirected to the e-Voting service provider’s website for casting the vote during the remote e-Voting period. <p>2. User not registered for IDeAS e-Services</p> <ul style="list-style-type: none"> i. To register, click on the link: https://eservices.nsdl.com ii. Select “Register Online for IDeAS” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp iii. Proceed with completing the required fields. iv. Follow the steps given in points 1. <p>3. Alternatively by directly accessing the e-Voting website of NSDL</p> <p>Open URL: https://www.evoting.nsdl.com/</p> <ul style="list-style-type: none"> i. Click on the icon “Login” which is available under the ‘Shareholder/Member’ section. ii. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit Demat account number held with NSDL), Password / OTP, and a Verification Code as shown on the screen. iii. Post successful authentication, you will request to select the name of the company and the e-Voting Service Provider name, i.e. fintech. <p>On successful selection, you will be redirected to the KFintech e-Voting page for casting your vote during the remote e-Voting period.</p>

after sending the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@Kfintech.com. However, if he/she is already registered with KFintech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.

vii. In case of Individual Shareholders holding securities in Demat mode and who acquire shares of the Company and become a member of the Company after sending the Notice and holding shares as of the cut-off date may follow the steps mentioned below under “Login method for remote e-Voting and joining the virtual meeting for Individual shareholders holding securities in Demat mode.”

viii. The details of the process and manner for remote e-voting and e-AGM are explained below:

Step 1: Access to Depositories e-Voting system in case of individual shareholders holding shares in Demat mode.

Step 2: Access to KFintech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in Demat mode.

Step 3: Access to join virtual meetings(e-AGM) of the Company on the KFintech system to participate in e-AGM and vote at the AGM.

Type of shareholders	Login Method
<u>Individual Shareholders holding securities in Demat mode with CDSL</u>	<p>1. Existing users who have opted for Easi / Easiest</p> <ul style="list-style-type: none"> i. URL to login to Easi/Easiest: www.cdsindia.com and click on login icon and select New System Myeasi. ii. Login with your registered user id and password. iii. The user will see the e-voting Menu. The Menu will have links to ESP i.e. KFintech e-Voting portal. iv. Click on the e-voting service provider name to cast your vote. <p>2. User not registered for Easi/Easiest</p> <p>The option to register for Easi / Easiest is available at www.cdsindia.com proceed with completing the required fields. After successful registration, please follow the steps given above to cast your vote.</p> <p>3. Alternatively, by directly accessing the e-Voting website of CDSL</p> <ul style="list-style-type: none"> i. Visit URL: www.cdsindia.com ii. Provide your Demat Account Number and PAN No. iii. System will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. iv. After successful authentication, the user will be provided links for the respective ESP, i.e. KFintech where the e-Voting is in progress.
<u>Individual Shareholder login through their Demat accounts / Website of Depository Participant</u>	<ul style="list-style-type: none"> i. You can also log in using the login credentials of your Demat account through your DP registered with NSDL /CDSL for the e-Voting facility. ii. Once logged in, you will be able to see the e-Voting option. Once you click on the e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see the e-Voting feature. iii. Click on options available against the Company name or e-Voting service provider – KFintech and you will be redirected to the e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.

Important note: Members who are unable to retrieve their User ID / Password are advised to use the Forgot user ID and Forgot Password options available at respective websites.

Helpdesk for Individual Shareholders holding securities in Demat mode for any technical issues related to logging in through the Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact the NSDL helpdesk by sending a request to evoting@nsdl.co.in or call at toll-free no.: 022-4886 7000 and 022-2499 7000
Securities held with CDSL	Please contact CDSL helpdesk by sending a request to helpdesk.evoting@cdsindia.com or contacting at 1800 22 55 33

Details on Step 2 are mentioned below:

- II) Login method for e-Voting for shareholders other than Individual shareholders holding securities in Demat mode and shareholders holding securities in physical mode.
- (A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID, and password. They will have to follow the following process:
- i. Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
 - ii. Enter the login credentials (i.e. User ID and password). In the case of the physical folio, the User ID will be EVEN (E-Voting Event Number) XXXX, followed by the folio number. In the case of the Demat account, the User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.
 - iii. After entering these details appropriately, click on “Log in”.
 - iv. You will now reach the password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9), and a special character (@,#,\$, etc.). The system will prompt



you to change your password and update your contact details like mobile number, email ID, etc. on the first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. You need to log in again with the new credentials.
- vi. On successful login, the system will prompt you to select the “EVEN” i.e., ‘Granules India Limited- AGM’ and click on “Submit”
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under “FOR AGAINST” or you may partially enter any number in “FOR” and partially “AGAINST” but the total number in “FOR AGAINST” taken together shall not exceed your total shareholding as mentioned hereinabove. You may also choose the option ABSTAIN. If the member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ Demat account.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and clicking on “Submit”.
- xi. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period, members can log in any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send a scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting, together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer’s email id dhanu.a@dhara.com

with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format “Corporate Name_Even No.”

(B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:

- i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFintech, by accessing the link: <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, a member may write to einward.ris@kfintech.com.
- ii. Alternatively, a member may send an e-mail request at the email id einward.ris@kfintech.com along with a scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of the electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.
- iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

Details on Step 3 are mentioned below:

- III) Instructions for all the shareholders, including individuals, other than Individual and Physical, for attending the AGM of the Company through VC/OAVM and e-Voting during the meeting.
 - i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFintech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/KFintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID

- and Password may retrieve the same by following the remote e-Voting instructions mentioned above.
- ii. Facility for joining AGM through VC/ OAVM shall open at least 15 minutes before the commencement of the Meeting.
 - iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge and Mozilla Firefox 22.
 - iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspots may experience Audio/Video loss due to fluctuations in their respective networks. Therefore, it is recommended to use a Stable Wi-Fi or LAN Connection to mitigate any kind of aforementioned glitches.
 - v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, members are encouraged to express their views / send their queries in advance mentioning their name, Demat account number/folio number, email ID, mobile number at investorrelations@granulesindia.com Questions /queries received by the Company till August 05, 2024 (5.00 p.m. IST) shall only be considered and responded to during the AGM.
 - vi. The members who have not cast their vote through remote e-voting shall be eligible to cast their vote through the e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The members may click on the voting icon displayed on the screen to cast their votes.
 - vii. A member can opt for only a single mode of voting i.e., through remote e-voting or voting at the AGM. If a member casts votes by both modes, then voting done through remote e-voting shall prevail and voting at the AGM shall be treated as invalid.
 - viii. Facility of joining the AGM through VC / OAVM shall be available for members on a first-come-first-served basis.
 - ix. Institutional members are encouraged to attend and vote at the AGM through VC / OAVM.
 - x. The members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and log in through the user ID and password provided in the mail received from KFintech. On successful login, select 'Speaker Registration' which will be opened during the period starting from August 02, 2024 (9.00 a.m. IST) up to August 05, 2024 (5.00 p.m. IST). Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those members who have registered themselves, depending on the availability of time for the AGM.
 - xi. The members who wish to post their questions before the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user ID and password provided in the mail received from KFintech. On successful login, select the 'Post Your Question' option which will open from August 02, 2024 (9.00 a.m. IST) up to August 05, 2024 (5.00 p.m. IST).
 - xii. In case of any query and/or grievance, in respect of voting by electronic means, members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (KFintech Website) or call KFintech's toll-free No. 1-800-309-4001 for any further clarifications.
 - xiii. The Members, whose names appear in the Register of Members/list of Beneficial Owners as of Tuesday, July 30, 2024, being the cut-off date, are entitled to vote on the resolutions outlined in this Notice. A person who is not a member as of the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the member, the member shall not be allowed to change it subsequently.
 - xiv. In case a person has become a member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:
 - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
 - 1. Example for NSDL:
 - 2. MYEPWD <SPACE> IN12345612345678
 - 3. Example for CDSL:
 - 4. MYEPWD <SPACE> 1402345612345678
 - 5. Example for Physical:
 - 6. MYEPWD <SPACE> XXXX1234567890



- ii. If the e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - iii. Members who may require any technical assistance or support before or during the AGM are requested to contact KFintech at the toll-free number 1-800-309-4001 or write to them at evoting@kfintech.com.
19. The Company has appointed Mr. Dhanunjaya Kumar Alla, Practicing Chartered Accountant & partner of M/s Dhanunjaya & Haranath to act as a Scrutinizer, to scrutinize the entire voting process fairly and transparently.
20. The electronic voting results along with the Scrutinizer's Report will be placed on the website of the Company and the Stock Exchanges within 48 hours of the conclusion of the AGM.

ANNEXURE TO THE NOTICE

A. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.

ITEM NO 04:

The current term of office of Mr. Harsha Chigurupati as Whole-Time Director of the Company concludes on August 28, 2024. Considering the commitment consistently shown and results exhibited, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, in their meeting held on May 15, 2024 has decided to re-appoint Mr. Harsha Chigurupati as Whole-Time Director of the Company for a further period of 5 (five) years effective from August 29, 2024 to August 28, 2029. The re-appointment of Mr. Harsha Chigurupati is appropriate and in the best interest of the Company for the results shown and the efforts made by him to the improvement of the performance of the Company. The approval of the members is being sought to the terms and conditions of the re-appointment of Mr. Harsha Chigurupati as Whole-Time Director and the remuneration payable to him. The actual pay-out of the remuneration shall be after the review of his performance by the Nomination and Remuneration Committee of the Board as per the Company's Policy.

In the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr. Harsha Chigurupati, the remuneration by way of salary, perquisites, commission or any other allowances in accordance with the limits and conditions specified under Section II of Part II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

Mr. Harsha Chigurupati satisfies all the conditions set out in Part-I of Schedule V to the Act and conditions set out under Section 196 (3) of the Act for being eligible for his re-appointment. He is not disqualified from being re-appointed as Director in terms of Section 164 of the Act.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the rules made thereunder for the re-appointment of Mr. Harsha Chigurupati as Whole-Time Director of the Company for a period of five years commencing from August 29, 2024 to August 28, 2029.

Dr. Krishna Prasad Chigurupati, Chairman and Managing Director & Mrs. Uma Devi Chigurupati, Mrs. Priyanka Chigurupati and Mr. Harsha Chigurupati, Executive Directors along with their relatives are deemed to be concerned or interested in the proposed resolution.

Save and except the above, none of the other Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Directors or KMPs, are in any way concerned or interested financially or otherwise in the proposed resolution.

ITEM NO 05:

The current term of office of Dr. Krishna Prasad Chigurupati as Chairman & Managing Director of the Company concludes on August 31, 2024. Considering his vision, foresight and leadership qualities, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, in their meeting held on May 15, 2024 has decided to re-appoint Dr. Krishna Prasad Chigurupati as Chairman & Managing Director of the Company for a further period of 5 (five) years effective from September 01, 2024 to August 31, 2029. The re-appointment of Dr. Krishna Prasad Chigurupati is appropriate and in the best interest of the Company for the results shown and the efforts made by him to the improvement of the performance of the Company. The approval of the members is being sought to the terms and conditions of the re-appointment of Dr. Krishna Prasad Chigurupati as Chairman & Managing Director and the remuneration payable to him. The actual pay-out of the remuneration shall be after the review of his performance by the Nomination and Remuneration Committee of the Board as per the Company's Policy.

In the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to the Chairman & Managing Director, the remuneration by way of salary, perquisites, commission or any other allowances in accordance with the limits and conditions specified under Section II of Part II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

Dr. Krishna Prasad Chigurupati satisfies all the conditions set out in Part-I of Schedule V to the Act and conditions set out under Section 196(3) of the Act for being eligible for his re-appointment. He is not disqualified from being reappointed as Director in terms of Section 164 of the Act.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the rules made thereunder for the re-appointment

of Dr. Krishna Prasad Chigurupati as Chairman & Managing Director of the Company for a period of five years commencing from September 01, 2024 to August 31, 2029.

Dr. Krishna Prasad Chigurupati, Chairman and Managing Director, & Mrs. Uma Devi Chigurupati, Mrs. Priyanka Chigurupati and Mr. Harsha Chigurupati, Executive Directors along with their relatives are deemed to be concerned or interested in the proposed resolution.

Save and except the above, none of the other Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Directors or KMPs, are in any way concerned or interested financially or otherwise in the proposed resolution.

The Board recommends the special resolutions outlined in item no. 4 & 5 for approval of the members.

B) Disclosure under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings.

Details of Directors seeking appointment / re-appointment at the Meeting.

Name of the Director	Mrs. Uma Devi Chigurupati	Mr. Harsha Chigurupati	Dr. Krishna Prasad Chigurupati
Date of birth	August 10, 1959	September 05, 1983	October 02, 1954
Qualification	M. Sc. (Soil Microbiology)	Bachelor's degree in science in business administration from Boston University, USA	Graduate in Science
Nature of appointment	Re-appointment	Re-appointment	Re-appointment
Terms and conditions of appointment /re-appointment	Liable to retire by rotation	Liable to retire by rotation	Not Liable to retire by rotation
Remuneration last drawn by such person, if applicable and remunerations sought to be paid	Last Drawn: 0.5% of the net profits of the Company calculated on a standalone basis in accordance with the provision of Section 198 of the Companies Act, 2013. Sought to be paid: Same as above.	Last Drawn: 0.5% of the net profits of the Company calculated on a standalone basis in accordance with the provision of Section 198 of the Companies Act, 2013. Sought to be paid: Same as above.	Last Drawn: 5 % of the net profits of the Company calculated on a standalone basis in accordance with the provision of Section 198 of the Companies Act, 2013. Sought to be paid: Same as above.
Date of first appointment on the Board	May 31, 2012	July 26, 2010	August 31, 1994
Relationship with other Directors on the Board	Mrs. Uma Devi Chigurupati is the spouse of Dr. Krishna Prasad Chigurupati, Chairman and Managing Director of the Company and mother of Mr. Harsha Chigurupati & Mrs. Priyanka Chigurupati, Executive Directors of the Company.	Mr. Harsha Chigurupati is the son of Dr. Krishna Prasad Chigurupati, Chairman and Managing Director of the Company & Mrs. Uma Devi Chigurupati, Executive Director of the Company and sibling of Mrs. Priyanka Chigurupati, Executive Director of the Company	Dr. Krishna Prasad Chigurupati is the spouse of Mrs. Uma Devi Chigurupati, Executive Director of the Company and father of Mr. Harsha Chigurupati & Mrs. Priyanka Chigurupati, Executive Directors of the Company.
Expertise in the specific functional area	She has more than three decades of experience in Pharmaceuticals across various corporate functions and expertise in undertaking CSR activities and HR initiatives.	He has over 18 years of entrepreneurial experience in marketing, business development, customer relationship management etc. He also has in-depth knowledge and experience in the various fields of research and development, clinical trials, regulatory and legal framework navigation, patents and peer-reviewed journal publications.	Dr. Krishna Prasad Chigurupati has around 40 years of experience in cost-efficient and quality-compliant pharmaceutical products manufacturing and marketing.



Name of the Director	Mrs. Uma Devi Chigurupati	Mr. Harsha Chigurupati	Dr. Krishna Prasad Chigurupati
Brief profile	<p>An entrepreneur, a successful businesswoman, a sportsperson, and a two-time Guinness Book of World Record holder, Mrs. Uma Devi Chigurupati is also the Whole-Time Director of Granules India Limited. She spearheads the Corporate Social Responsibility and Human Resources functions in the Company. A post-graduate in Soil Microbiology from Nagarjuna University, she holds more than three decades of experience in Pharmaceuticals across various corporate functions.</p> <p>Mrs. Chigurupati has been the Chairperson of FICCI FLO Hyderabad. During her tenure, she has taken up many initiatives to empower women at both grassroots and white-collar levels.</p> <p>Mrs. Chigurupati is also the Director of KRSMA Estates Private Limited, one of India's premier boutique wineries.</p> <p>Under her tenure, she has established the vineyard in the Hampi Hills of Karnataka and has been vital to the ongoing operations at the site.</p>	<p>Mr. Harsha Chigurupati holds a bachelor's degree of science in Business Administration from Boston University, USA. He has over 18 years of entrepreneurial experience in marketing, product development, customer relationship management & operations. He also has in-depth knowledge and experience in various fields of research and development, clinical trials, regulatory and legal framework navigation, patents, and peer-reviewed journal publications.</p> <p>Mr. Chigurupati has been with Granules since 2005 in various capacities. He was instrumental in commercializing the Company's Finished Dosage Division and transitioning the Company's customer base towards brand loyalists. As an Executive Director, he is responsible for the standalone Operations and P&L of the Company.</p>	<p>Dr. Krishna Prasad Chigurupati is the Chairman and Managing Director of Granules India Limited. Under his leadership, the organization has transformed itself into one of the largest pharmaceutical manufacturing Companies.</p> <p>His pharmaceutical journey started in 1984 with the manufacturing of Paracetamol for quality-conscious customers in the global markets. He pioneered many innovations in pharmaceutical manufacturing including commercializing Pharmaceutical Formulation Intermediates as a cost-effective product for global finished dosage manufacturers.</p> <p>Dr. Prasad with his passion for innovation undertook research in process chemistry and filed 33 patents, out of which 5 patents were granted so far. He also ventured into setting up facilities across the continents in cities and countries such as China and the US. He was awarded an Honorary Doctor of Science by GITAM Deemed University for his exemplary contribution to science & society.</p> <p>Dr. Prasad is an avid marathon runner and has participated in many marathons across the globe. In 2010, he along with his wife, Mrs. Uma Devi Chigurupati, ran marathons on all seven continents including Antarctica and the North Pole. In 2015, they completed the 'World Marathon Challenge' of running seven marathons in seven continents in seven days. Both these achievements have been recognised by the Guinness Book of World Records.</p> <p>He is a passionate wine connoisseur and is the co-founder of KRSMA. The vineyard and the winery are located near Hampi. Today the wine from this vineyard is recognised worldwide and has put Hampi Hills and India on the world wine map.</p> <p>Dr. Prasad is the President of the Hyderabad Chapter of Swarna Bharat Trust, an NGO involved in the holistic improvement of the face of rural India, in the fields of Health, Education, Employment and Human Development.</p>

Name of the Director	Mrs. Uma Devi Chigurupati	Mr. Harsha Chigurupati	Dr. Krishna Prasad Chigurupati
Directorship in other listed Companies in the last three years	NIL	NIL	NIL
Directorship in other Indian Companies	1. Granules Life Sciences Private Limited 2. Tyche Investments Private Limited 3. KRSMA Vineyards Private Limited 4. KRSMA Estates Private Limited 5. Chigurupati Vineyards Private Limited	1. Chigurupati Technologies Private Limited. 2. Product Armor Packaging Private Limited 3. Mission Project Foundation	1. Granules Life Sciences Private Limited 2. Granules CZRO Private Limited 3. Tyche Investments Private Limited 4. KRSMA Vineyards Private Limited 5. KRSMA Estates Private Limited 6. Chigurupati Vineyards Private Limited 7. CEO Clubs India
Chairperson/member of the Committees of the Board of Directors of the Company	1. Sustainability & Corporate Social Responsibility Committee-Chairperson 2. Share Transfer & Stakeholder Relationship Committee -Member	NIL	1. Audit Committee-Member 2. Share Transfer & Stakeholder Relationship Committee -Member 3. Sustainability & Corporate Social Responsibility Committee-Member 4. Risk Management Committee -Member 5. Business Review Committee-Member 6. Growth Opportunities Evaluation and Investment Committee -Member
Chairperson/member of the Committees in other Companies including listed entities in which he is a Director	NIL	NIL	NIL
Number of meetings of the Board attended during the financial year 2023-24	04 out of 06	06 out of 06	06 out of 06
Number of shares held in the Company as of Date of Notice i.e., May 15, 2024	92,40,761	NIL	8,42,99,111

By Order of the Board of Directors

CHAITANYA TUMMALA

Company Secretary

Hyderabad, May 15, 2024

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Krishna Prasad Chigurupati

Chairman and Managing Director – Non-Independent

Dr. K.V.S. Ram Rao

Joint Managing Director & CEO – Non-Independent

Mrs. Uma Devi Chigurupati

Executive Director – Non-Independent

Mr. Harsha Chigurupati

Executive Director – Non-Independent

Mrs. Priyanka Chigurupati

Executive Director – Non-Independent

Mr. Kolli Basava Sankar Rao

Director – Non-Executive, Non-Independent

Mr. Arun Sawhney

Director - Non-Executive, Independent

Dr. Saumen Chakraborty

Director – Non-Executive, Independent

Mrs. Sucharita Rao Palepu

Director – Non-Executive, Independent

Mr. Kapil Kumar Mehan

Director – Non-Executive, Independent

Dr. Sethurathnam Ravi

Director – Non-Executive, Independent

Mr. Rajiv Pritadas Kakodkar

Director – Non-Executive, Independent

CHIEF FINANCIAL OFFICER

Mr. Mukesh Surana

COMPANY SECRETARY & COMPLIANCE OFFICER

Mrs. Chaitanya Tummala

REGISTERED OFFICE

M/s. Granules India Limited
2nd Floor, 3rd Block, My Home Hub, Madhapur,
Hyderabad – 500 081,
Telangana, India
Ph: 91-40-69043500
Fax: 91-40-23115145
E-mail: investorrelations@granulesindia.com

STATUTORY AUDITORS

M/s. S. R. Batliboi & Associates LLP, Chartered Accountants
The Skyview 10, 18th Floor, Zone B, Survey No. 83/1,
Raidurgam, Hyderabad – 500 032,

INTERNAL AUDITORS

M/s. Dhanunjaya & Haranath, Chartered Accountants
302, Wings, 8-3-960/6/2, Srinagar Colony,
Hyderabad – 500 073,

SECRETARIAL AUDITORS

M/s. Saurabh Poddar & Associates,
4-1-6/A/1, 2nd Floor, AB Chambers, Street No. 6, Tilak Road,
Abids, Hyderabad – 500 001

REGISTRAR & TRANSFER AGENT

M/s. KFin Technologies Limited
Selenium Tower B, Plot 31-32, Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032
Toll-free number: 1-800-309-4001
Email: einward.ris@k fintech.com
Website: www.k fintech.com



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