GRANULES

REGISTERED OFFICE

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

Date: September 29, 2017

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

Dear Sir,

Sub: Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015- Submission of Annual Report for the FY 2016-17

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are submitting herewith soft copy of the Annual Report of the Company for the financial year 2016-17 which was approved and adopted in the 26th Annual General Meeting of the Company held on 28th September 2017.

Request you to take the above information on record.

Thanking you,

Yours faithfully,

FOR GRANULES INDIA LIMITED

T. Chaitanya

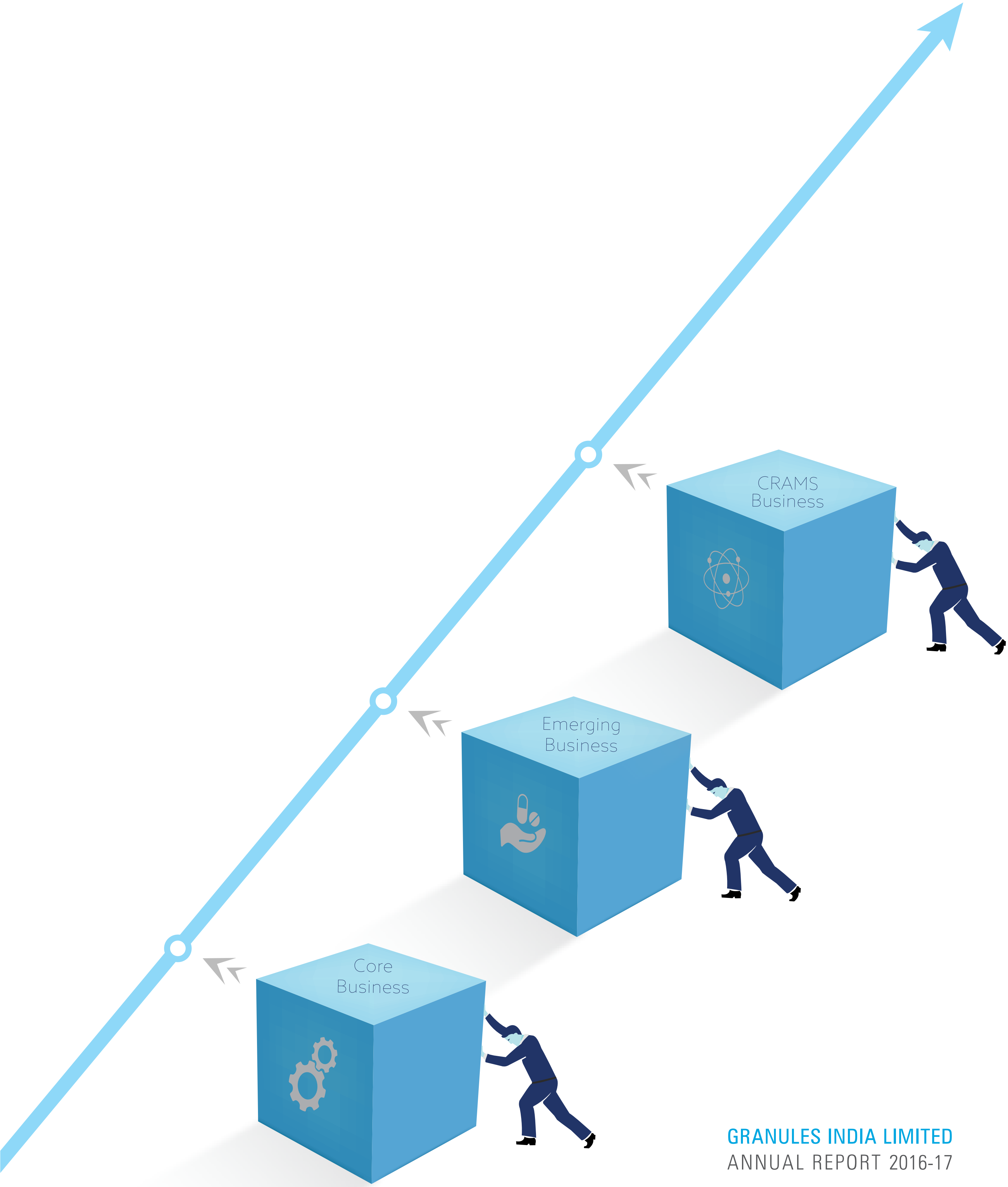
GRANULES INDIA LIMITED Hyderabad

CHAITANYA TUMMALA
(COMPANY SECRETARY & COMPLIANCE OFFICER)

Encl: As above

Driving Towards
A Sustainable Future

GRANULES



GRANULES INDIA LIMITED

ANNUAL REPORT 2016-17

Contents

To see the report online please log on to www.granulesindia.com

Our vision

TO BE THE GLOBAL LEADER IN PHARMACEUTICAL MANUFACTURING BY PROCESS INNOVATION AND UNPARALLELED EFFICIENCIES.

WE ARE A VERTICALLY INTEGRATED PHARMACEUTICAL COMPANY, MANUFACTURING ACTIVE PHARMACEUTICAL INGREDIENTS (APIs), PHARMACEUTICAL FORMULATION INTERMEDIARIES (PFIs) AND FINISHED DOSAGES (FDs).

₹14,353 MN

REVENUE FROM OPERATION
up 4% from 2015-16

₹3,088 MN

EBIDTA
up 10% from 2015-16

₹1,645 MN

NET PROFIT
up 34% from 2015-16

₹1,934 MN

NET CASH FLOW FROM OPERATING ACTIVITIES

₹7.5

EARNINGS PER SHARE (BASIC)
up 25% from 2015-16

₹9,036 MN

NETWORTH
up 37% from March 31, 2016

₹9,837 MN

GROSS BLOCK
up 20% from March 31, 2016

₹31,755 MN

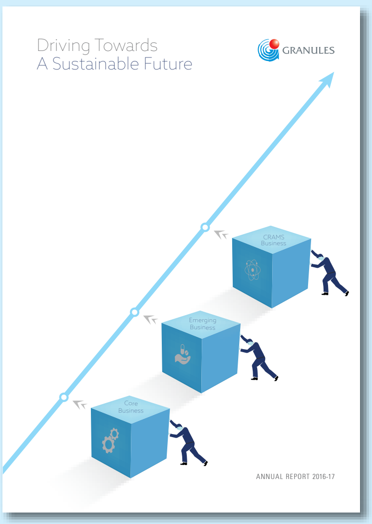
MARKET CAPITALISATION
As on March 31, 2017

At Granules, our fundamental philosophy has always been a relentless pursuit to grow, year after year. We draw our growth strategies based on our fundamental strengths in vertical integration, operational efficiencies, regulatory compliances, supply security and customer centricity.

We are committed to drive and align our current as well as newer business avenues around our core philosophy. This synergy will help us create an entity that would generate sustainable value for our stakeholders.

So what are our plans for the year ahead?

To successfully drive all business verticals towards its strategic objective of building a self sustainable, future-ready and growth oriented organisation.



The cover design represents the relentless pursuit towards excellence by Granules India Limited. Our journey towards a sustainable future now strategically aligns with achieving growth in our distinguished business verticals. With a defined blue print for each businesses, we are confident of reaching our set milestones.

1

CORE BUSINESS


Gagillapur


Gagillapur


Jeedimetla


Bonthapally


Jingmen -China (Granules Biocause - JV)

2
EMERGING BUSINESS

Virginia, USA


Visakhapatnam

3
CRAMS BUSINESS

Visakhapatnam


Visakhapatnam

About us

MANUFACTURING FACILITIES

API	PFI	FD
Bonthapally, Telangana	Gagillapur, Telangana	Gagillapur, Telangana
Jeedimetla, Telangana	Jeedimetla, Telangana	Virginia, USA
Jingmen, China (Biocause JV)		
Visakhapatnam, Andhra Pradesh		
Visakhapatnam SEZ (Omnichem JV - CRAMs), Andhra Pradesh		
Bonthapally, Telangana (API Intermediaries)		

2,300+

NUMBER OF EMPLOYEES AS ON MARCH 31, 2017

250+

CUSTOMER BASE

BROAD PORTFOLIO OF PRODUCTS

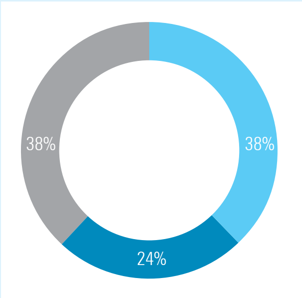
- Active Pharmaceutical Ingredients (APIs)
- Pharmaceutical Formulation Intermediaries (PFIs)
- Finished Dosages (FDs)

60+

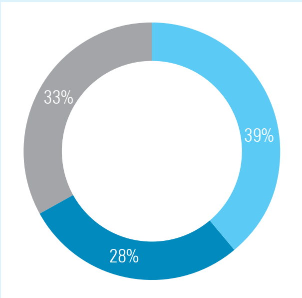
COUNTRIES OF PRESENCE

CONSOLIDATED REVENUE FROM OPERATIONS BY VERTICALS

FY2017* %

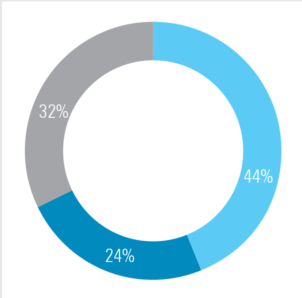


FY2016* %

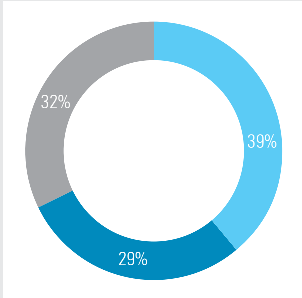


*Breakup as per Ind AS financials

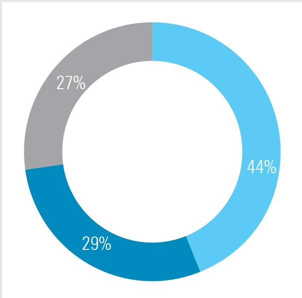
FY2015^ %



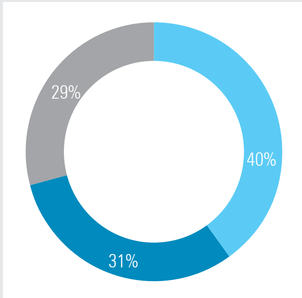
FY2014^ %



FY2013^ %



FY2012^ %

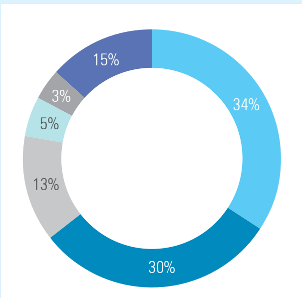


^ Breakup as per I-Gaap financials

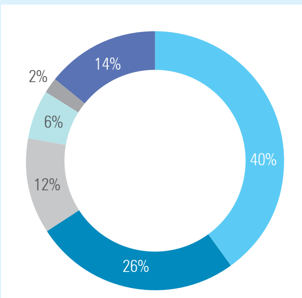
FD
PFI
API

CONSOLIDATED REVENUE FROM OPERATIONS BY MOLECULES

FY2017* %

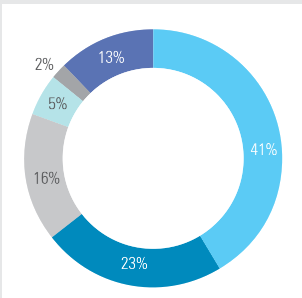


FY2016* %

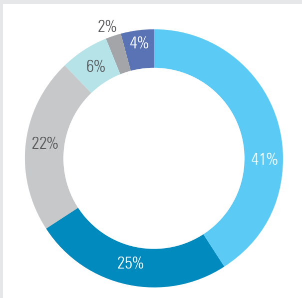


*Breakup as per Ind AS financials

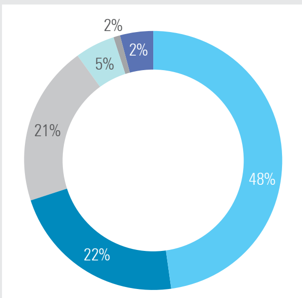
FY2015^ %



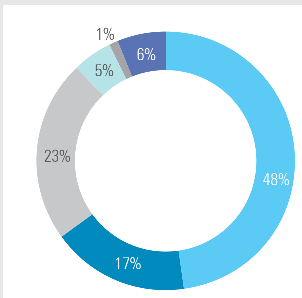
FY2014^ %



FY2013^ %



FY2012^ %



^ Breakup as per I-Gaap financials

Paracetamol
Metformin
Ibuprofen
Guaifenesin
Methocarbamol
Others

Performance highlights

Financials as per Ind AS

Financials as per I-Gaap

Revenue from operations ₹ in million

Revenue from operations includes total income from various business operations covering both domestic and international sales. Revenue is a key measure of how we have delivered on our strategies to grow business.

4% Y-O-Y

FY17	14,353
FY16	13,829
FY15	12,937
FY14	10,959
FY13	7,644
FY12	6,540

EBIDTA ₹ in million

EBIDTA is a measure of the profit generated by the business, excluding interest, depreciation, amortisation and tax. EBIDTA is a key measure of profitability.

10% Y-O-Y

FY17	3,088
FY16	2,815
FY15	2,130
FY14	1,626
FY13	871
FY12	805

Profit after tax ₹ in million

Profit after tax is an important financial matrix as it tells the investors the true profitability earned by company, post the taxes paid to the exchequer.

34% Y-O-Y

FY17	1,645
FY16	1,230
FY15	909
FY14	752
FY13	326
FY12	300

Earnings per share ₹ per share

EPS is the profit after tax for the year, divided by the weighted average number of ordinary shares. Basic EPS provides a measure of shareholder return that is comparable over time.

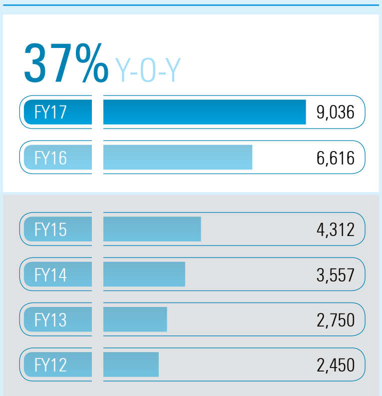
25% Y-O-Y

FY17	7.5
FY16	6.0
FY15	4.5
FY14	3.7
FY13	1.6
FY12	1.5

Net Worth

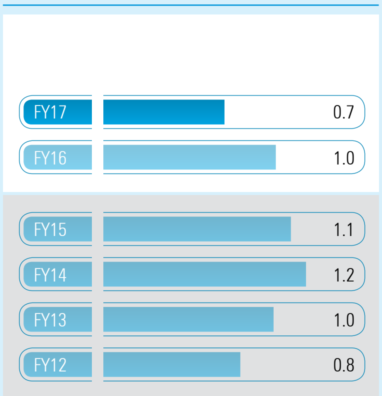
₹ in million

It reflects the overall financial strength of the company. A positive net worth showcases the company's stability in the long-run. The increased networth is a testimony to the stable earnings over a period of time.



Debt Equity

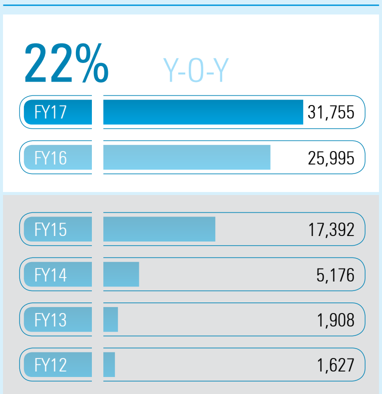
It reflects the long-term solvency position of the Company. It indicates how much debts a Company is using to finance its assets.



Market Capitalisation*

₹ in million

The total market value of company based on its current share price on stock exchange and the total number of shares. It reflects the size of the Company.

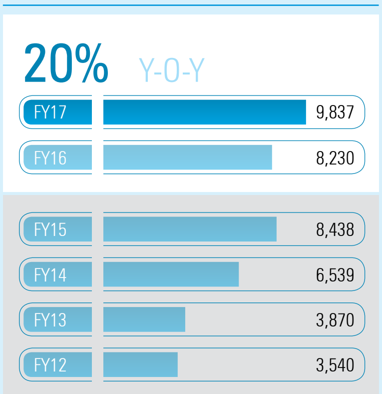


* Figures as on last trading day of each financial year

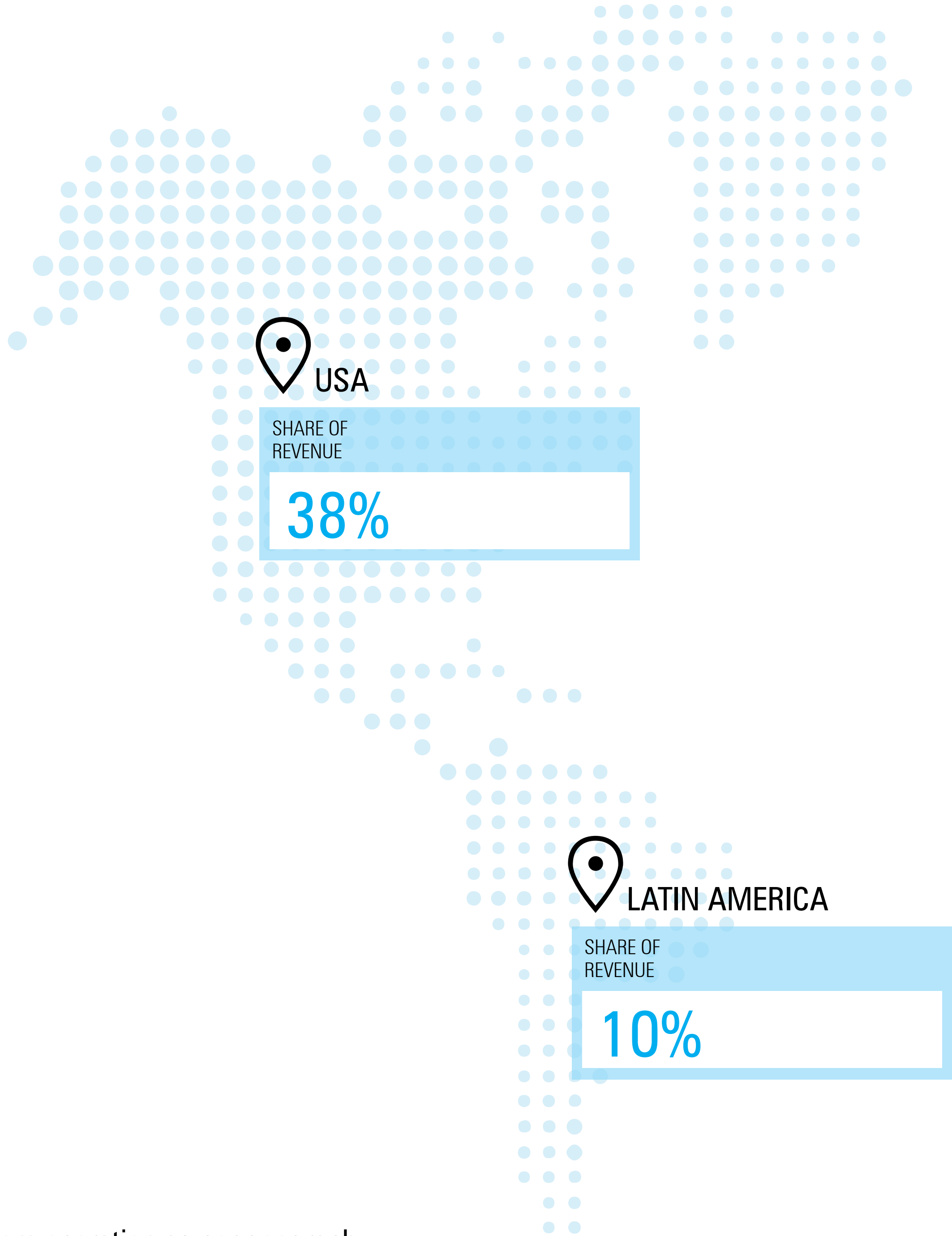
Gross Block

₹ in million

It is defined as total of all assets belonging to the company, valued at their cost of acquisition. This indicates the strengthening of the asset base of the Company.

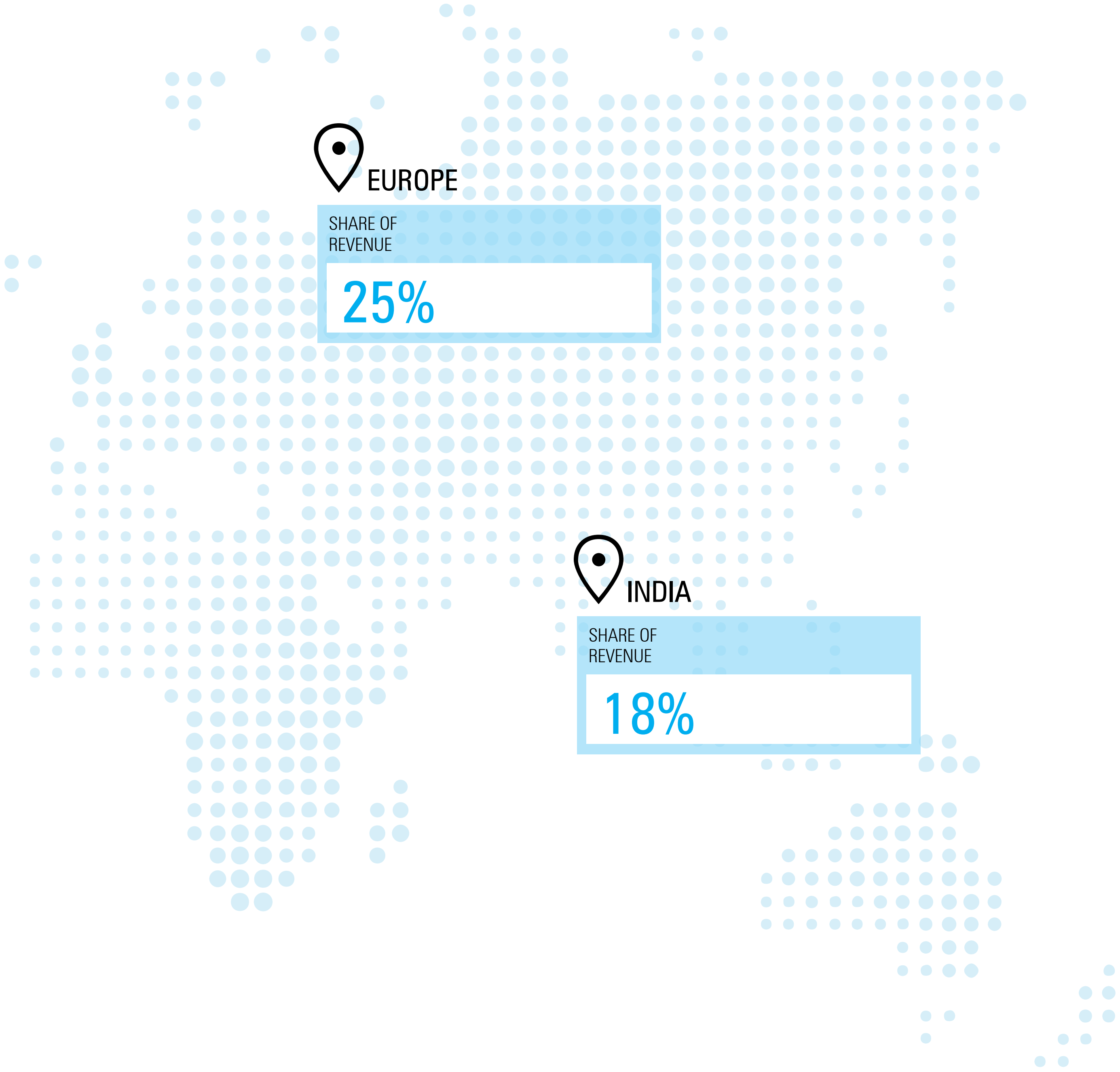


Expanding horizons



Consolidated revenue from operation as per geography

Year	USA %	Europe %	Latin America %	India %
FY17	38	25	10	18
FY16	33	22	12	21
FY15	26	28	11	18
FY14	22	30	15	12
FY13	20	29	12	13
FY12	21	33	13	8



AMEA

Year	%
FY17	4
FY16	5
FY15	10
FY14	13
FY13	17
FY12	17

Canada

Year	%
FY17	4
FY16	6
FY15	6
FY14	7
FY13	7
FY12	7

Australia

Year	%
FY17	1
FY16	1
FY15	1
FY14	1
FY13	2
FY12	1

Financials as per Ind AS

Financials as per I-Gaap

Letter from the Chairman and Managing Director

DEAR SHAREHOLDERS,

At Granules, we have always believed in delivering high quality products across the globe. We continue to strengthen our research and operating capabilities which will enable us to stay ahead of the curve by providing off-patent drugs to our customers spread over 60 countries. We have embarked on a transformational journey, which is aimed at creating a business model, which is self-sustaining, future-ready and growth driven. This journey was not only about honing our skills but also about getting better in embracing the desired changes. The time is right for us to put in more effort and ensure that the strategies we had adopted in the last couple of years are being finally implemented.

PERFORMANCE REVIEW

During the financial year under review, our consolidated revenues grew by ~4% to ₹14,353 mn compared to the prior year. During this period our EBITDA stood at ₹3,088 mn as compared to ₹2,815 mn, resulting an increase of 10% from last year. It is also important to highlight here that, our joint venture entities have contributed positively to our bottomline and added ₹247 mn to arrive at the consolidated PAT of ₹1,645 mn, an increase of 34% compared to previous financial year. I would like to reiterate here that the culture of efficiency developed over the years at Granules contributed towards this commendable performance. During this period we improved our EBITDA margin by 116 basis points to 21.5% and PAT margin by 257 basis points to 11.5% compared to FY16. This improvement was primarily driven via the strategic fine-tuning of our product mix, along with escalated sales of our products in regulated markets like the US, Canada and Europe. Contribution of 67% of the sales in FY17 was through regulated markets as compared to 61% in FY16. Our five key molecules put together have contributed around 85% to the overall sales mix. The result: a stronger financial position with a bottomline improvement of 34% over previous year and also a marked improvement in balance sheet profile with gearing ratio coming down by 30 bps over the previous year to 0.7 as on March 31, 2017.

CONTRIBUTION OF 67% OF THE SALES IN FY17 WAS THROUGH SALES IN REGULATED MARKETS LIKE US, CANADA AND EUROPE AS COMPARED TO 61% IN FY16.

OPERATIONAL REVIEW

I am pleased to state that your Company achieved several operational milestones during the year. We are on track regarding the completion of our new API manufacturing facility at Bonthapally in Hyderabad, which would result in expanded capacity for Paracetamol, Metformin, and Guaifenesin. During the same time, we also

₹3,088

EBIDTA FOR 2016-17, GROWING BY 10% OVER 2015-16

I AM HAPPY TO INFORM THAT DURING THE FINANCIAL YEAR 2016-17, WE SUCCESSFULLY FILED 3 ANDAs FROM HYDERABAD AND 1 FROM VIRGINIA, USA.

₹1,645

PAT FOR 2016-17, GROWING BY 34% OVER 2015-16

expect to commercialise an additional 6,000 TPA PFI capacity at Gagillapur, the construction of which is going on as per our internal targets.

Aligned to our strategic intent of emerging as a manufacturing efficiency focused and research-led pharmaceutical company, I am happy to inform that during the financial year 2016-17, we successfully filed 3 ANDAs from Hyderabad and 1 from Virginia, USA. The filing from the Virginia facility is the first filing of that site for the US market. In addition, we successfully filed 3 DMFs for the US markets and 2 European CEPs from our Vizag facility with the objective to create a future portfolio of APIs to be used either organically for formulation development or to supply to other pharmaceutical companies.

The Gagillapur facility completed inspections by INFARMED and US FDA, highlighting our respect for the stringent norms that have been laid down by the regulatory authorities. During last year, we received the license from the Drug Enforcement Agency of the United States for our Virginia facility in the US, which will enable us to store and develop narcotics products.

Granules Pharmaceuticals Inc. our US based wholly owned subsidiary entered into an agreement with USpharma to acquire 12.5% of its equity. USpharma, in collaboration with manufacturing partners, has submitted 5 ANDAs with Para IV and Para III certifications, out of which 4 ANDAs have exclusively out-licensed to us. We will be responsible for the marketing and distribution of the products in the United States after final approval from the US FDA.

We ventured into specialty business by initiating the construction of a greenfield oncology oral solid dosage and high potent API manufacturing facility at Vizag. The construction work is currently on-going and expected to be complete by the end of FY18.

AS AN OPTIMIST, I'D SAY THAT THE PLANNED EXECUTION OF OUR STRATEGIES HAS YET TO MATERIALISE INTO TANGIBLE RESULTS, BUT WE ARE SEEING THIS AS A STRATEGIC TOWARDS SUSTAINABILITY.

Furthermore, we reviewed our shop floor operations and undertook a number of business-strengthening initiatives. We recognised that any improvement on these fronts would translate into reduced production time and enhanced efficiencies. Strengthening management bandwidth is also one of the key priorities of the organization as it can enable us to achieve our desired goals. This way we can also imbibe the industry expertise in our action plans.

OUTLOOK

As an optimist, I would say that the planned execution of our strategies has yet to materialise into tangible results, but we are seeing this as a strategic step towards sustainability. We injected nearly ₹3,457 mn during the year in capex and expect to see our efforts bear fruit in the coming years.

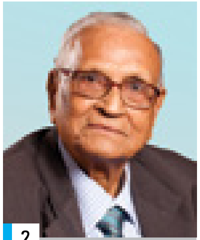
The core strengths of the Company are tested during challenging times. Keeping this in mind, at Granules, we have geared up with a long-term sustainability model backed by initiatives that will enable us to sustain our growth momentum in the years to come. This would help us enhance our revenues, strengthen our profit margins and create attractive value for all our stakeholders.

Sincerely

Krishna Prasad Chigurupati
Chairman & Managing Director

Profile of Board of Directors


1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1

Mr. Krishna Prasad Chigurupati

Chairman and Managing Director

Mr. Krishna Prasad Chigurupati is the Promoter of Granules and has more than three decades of experience in the pharmaceutical industry. In 1984, he set up a paracetamol manufacturing facility, which has become one of the world's reputed manufacturers of paracetamol in the regulated markets. Mr. Prasad pioneered and popularised the concept of Pharmaceutical Formulations Intermediates (PFIs) as a cost-efficient product for global formulations manufacturers.

2

Mr. L. S. Sarma

Independent Director

Mr. L. S. Sarma, is a retired Bank Executive. Mr. Sarma was a General Manager at the Industrial Development Bank of India (IDBI), as well as the Director of ECGC and Dena Bank. He worked for International Trade Centre, Geneva, (UNCTAD/GATT) as an Export Credit Consultant and also coauthored a publication of ITC on Export Credit in developing countries. He was an adviser to the Development Bank of Mauritius for over 5 years and also represented that Country as well as Botswana for industrial promotion from India.

3

Mr. A. P. Kurian

Independent Director

Mr. Kurian has a rich career in the financial services area of nearly five decades. Starting as Research Officer in Reserve Bank of India, he grew up to the rank of Advisor - Economics Department. During 1975-1993, Mr. Kurian was with Unit Trust of India and held several positions including Director-Investments, Director-Planning and Development and as Executive Trustee.

After retiring from Unit Trust of India, he joined the Apple Mutual Fund as Advisor from 1993 to 1998. From 1998 to 2010 he was the Executive Chairman of Association of Mutual Funds in India. He was a Consultant to the Commonwealth Secretariat and was on the Board of National Stock Exchange, Executive Committee of National Depositories, SEBI Mutual Fund Advisory Committee and on several Mutual Fund Industry Committees. He has extensive exposure in the international mutual fund industry. He was a Commonwealth Consultant and was the founder Director of Ceybank Unit Trust of SriLanka.

4

Mr. C. Parthasarathy

Independent Director

Mr. C. Parthasarathy is one of the founders of Karvy Group. As the Chairman of the group, he has been responsible for building Karvy as one of India's truly integrated financial services organizations. He oversees the group's operations and is responsible for the vision, business direction and technology value addition to the overall business. Mr. Parthasarathy is a fellow member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He also holds graduate degrees in Science and Law. Mr. Parthasarathy has been actively associated with various professional bodies in senior capacities over the last decade. Under his stewardship, Karvy has grown into an all India organization enjoying leadership positions in most business segments in which it is present.

5

Dr. Krishna Murthy Ella

Independent Director

Dr. Krishna M. Ella, the Chairman and Managing Director of Bharat Biotech International Ltd. (Bharat Biotech) completed Ph.D. from University of Wisconsin-Madison. He advised the former Chief Minister of A.P to set up a Biotech Park which lead to Genome Valley, Hyderabad. Hon'ble Prime Minister, Shri. Narendra Modi has launched ROTAVAC®, the first novel vaccine which is completely developed in India, completed efficacy trials.

Dr. Ella has been awarded more than 100 National and International awards which include Bio Spectrum Person of the Year in 2013, University of Wisconsin Distinguished Alumni Award (2011), Business Leader of the Year 2011, Best Technology and Innovation Award from the Prime Minister of India in 2008 are few among them. He served in different committees prominent among them are (1) Member of the Scientific Advisory Committee to the Cabinet (SAC-C); (2) Member of the Governing Body of the Council of Scientific & Industrial Research (CSIR); (3) Member of the Governing Council of Technology Information, Forecasting and Assessment Council (TIFAC); (4) Co-Chairman of Indo-USA High Technology Cooperation Group (HTCG) for 5 years on behalf of Govt. of India and facilitated knowledge initiative bill signed by USA. (5) Former Chairperson of the Board of Governors of the National Institute of Technology, Warangal (NIT W).

6

Mr. Arun Rao Akinepally

Independent Director

Mr. Akinepally Arun Rao did his B. Tech in Chemical Engineering from the University of Madras and MS from the Illinois Institute of Technology, Chicago, USA. He is the Executive Director of Akin Laboratories Pvt. Ltd., a formulation manufacturing Company. Mr. Arun Rao is on the Board of ESPI Industries and Chemicals Pvt. Ltd, a leading manufacturer of antacids in India and Sanzyme Pvt Ltd a globally known manufacturer of Probiotics. Mr. Arun Rao is an office bearer of the Indian Pharmaceutical Association at the State level. He is also a member of Executive Committee of the Organization of Pharmaceutical Manufacturers, Hyderabad.

7

Mr. Harsha Chigurupati

Non-Executive, Non-Independent Director

Mr. Harsha Chigurupati has been with Granules since 2005 and served as CMO from 2006-2010 and as an Executive Director from 2010-2015. As CMO, Mr. Chigurupati was instrumental in commercializing the Company's Finished Dosage Division and changing the Company's focus towards marquee customers. As an Executive Director, Mr. Chigurupati was responsible for the standalone operation of Granules India including the P&L. Mr. Chigurupati is the founder of Chigurupati Technologies, a research and development focused company that actively works to evolve the quality and duration of human life through technological advancement. He holds patents in over 55 countries, has been published in a variety of esteemed peer review journals and has filed the world's first health petition associated with alcoholic beverages. He is the creator of a new category of liver & DNA friendly alcoholic beverages referred to as "Functional Spirits".

8

Mrs. Uma Devi Chigurupati

Executive Director

Mrs. Uma Devi Chigurupati has rich experience of 30 years in various fields. Mrs. Uma with Mr. Krishna Prasad Chigurupati had co-founded Triton Laboratories Private Limited in the year 1984, which was later amalgamated with Granules India Limited. Presently, she is spear heading CSR activities and HR initiatives. In addition, Mrs. Chigurupati is the Director of KRSMA Estates Private Limited, one of India's premier boutique wineries. Under her tenure, she has established a vineyard in Karnataka and has been overseeing the ongoing operations at the site. Mrs. Chigurupati has a post-graduate degree in Botany (soil microbiology) from Nagarjuna University.

9

Mr. K. B. Sankar Rao

Non-Executive, Non-Independent Director

Mr. K. B. Sankar Rao is a post graduate from Andhra University and has rich experience of about 35 years in various domains. Mr. K. B. Sankar Rao was associated with various reputed organizations like Warner Hindustan, Cipla Limited and Dr. Reddy's Laboratories Limited. He has varied experience in the fields of technical operations, quality, supply chain, development & launch of APIs and finished dosages for global markets and business strategy. Mr. K.B. Sankar Rao is also Managing Director of Raje Retail Pvt Ltd, a pharmacy retail chain under the brand name- "My Health Pharmacy" in Hyderabad.

10

Dr. V.V.N.K.V. Prasada Raju

Executive Director

Dr. V.V.N.K.V Prasada Raju has over two decades of techno commercial experience in Global pharmaceutical space. His previous experience at Dr. Reddy's encompasses New Product development, foster strategic partnerships, drive synergies between Industry and Academia, New Geography expansions, IP driven Early Product Portfolio Development and program Management.

He is responsible for driving corporate strategy, R&D and New Business initiatives in Granules India Limited.

Management Team


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1

Mr. Krishna Prasad Chigurupati
Chairman and Managing Director

Mr. Krishna Prasad Chigurupati is the Promoter of Granules and has more than three decades of experience in the pharmaceutical industry. In 1984, he set up a paracetamol manufacturing facility, which has become one of the world's reputed manufacturers of paracetamol in the regulated markets. Mr. Prasad pioneered and popularised the concept of Pharmaceutical Formulations Intermediates (PFIs) as a cost-efficient product for global formulations manufacturers.

2

Mrs. Uma Devi Chigurupati
Executive Director

Mrs. Uma Devi Chigurupati has rich experience of 30 years in various fields. Mrs. Uma with Mr. Krishna Prasad Chigurupati had co-founded Triton Laboratories Private Limited in the year 1984, which was later amalgamated with Granules India Limited. Presently, she is spear heading CSR activities and HR initiatives. In addition, Mrs. Chigurupati is the Director of KRSMA Estates Private Limited, one of India's premier boutique wineries. Under her tenure, she has established a vineyard in Karnataka and has been overseeing the ongoing operations at the site. Mrs. Chigurupati has a post-graduate degree in Botany (soil microbiology) from Nagarjuna University.

3

Dr. Prasada Raju
Executive Director

Dr. V.V.N.K.V Prasada Raju has over two decades of techno commercial experience in Global pharmaceutical space. His previous experience at Dr. Reddy's encompasses New Product development, foster strategic partnerships, drive synergies between Industry and Academia, New Geography expansions, IP driven Early Product Portfolio Development and program Management.

He is responsible for driving corporate strategy, R&D and New Business initiatives in Granules India Limited.

4

Mr. Karuppannan Ganesh
Chief Financial Officer

Mr. Ganesh is a Chartered Accountant with post qualification experience of 30 years. He has worked on cross border M&A activities, international treasury & taxation, corporate development and control. Prior to joining Granules India, Mr. Ganesh worked in Dr Reddy's Laboratories as Sr Vice President - Corporate Finance. He also worked with Philips India, Coca Cola, ABB and Manali Petrochemical on various capacities.

6

Mr. Stefan Lohle
Chief Marketing Officer

Mr. Stefan Lohle has over two decades of experience in the pharmaceutical industry. He has been associated with Granules since 2001 where he served as the Head of Latin American operations before taking over as the CMO. Mr. Lohle was instrumental in popularizing the concept of PFIs in Latin America. Mr. Lohle also served at Kimberly Clark Corporation for New Project Development.

5

Mr Sreekanth Muttineni
Chief Operating Officer

Mr Sreekanth Muttineni has over two decades of experience with global pharmaceutical companies. He joined Granules India in September 2016. During a nine year tenure with Lupin Ltd, where he was responsible for manufacturing operations, Mr Muttineni was instrumental in establishing lean manufacturing practices in Formulations and API setups and also led the project for successful entry into very complex Japanese market. Prior to that, Mr. Muttineni had worked at Aurobindo Pharma Ltd as General Manager – Operations and led the establishment of generic pharmaceutical facilities and commercialization. In a decade long stint with Dr. Reddy's, he held various positions in Formulations businesses and played a key role in establishing the concept of Self-Managed Teams, a first in pharmaceutical industry. Mr Muttineni closely worked on quality management systems and handled several regulatory inspections.

7

Mr. P.S.N. Murthy
Senior Vice President – Human Resource

Mr. P.S.N. Murthy has over two decades of experience in panning various functions, including quality, training and HR in electronic component, auto component and pharmaceutical manufacturing sectors. He has been working with Granules India Ltd for the past three and a half years prior to which he worked with Tata Auto Comp Systems Ltd, where he handled various verticals, including Compensation & Benefits, Talent Acquisition and Learning & Development. Prior to that, Mr. Murthy worked with Dr. Reddy's, where he was heading Global Compensation & Benefits and Policies.

Management Discussion and Analysis

GLOBAL PHARMACEUTICAL INDUSTRY OVERVIEW

World pharmaceutical industry is advancing steadily. The advent of new technologies and advancements in science has allowed the research-based pharmaceutical companies to enter an exciting new era of product development. On top of it, the aging populations, chronic and lifestyle related diseases, and emerging-market expansion are also expected to spur world pharmaceutical sector. A dynamically changing macro economy, regulatory and business landscape requires that pharmaceutical companies adopt new technologies, focus on research & development and work on competitive pricing models. Increasing pressure against US drug pricing, a weak global recovery, significant currency fluctuation for major global currencies against US dollar, the uncertainties thrown up by Brexit and industry consolidations have made it evident that the global pharmaceutical industry has to undergo transformation. The big global players have tweaked their strategies in order to cope better with the ever-changing regulatory and risk environments.

The rapidly changing business environment compounded by a fast-evolving digital era presents new challenges for pharmaceutical stakeholders. However, new discoveries, changing strategies in terms of more focus on customer engagement, rising demand in the emerging countries and ageing population are expected to drive demand.

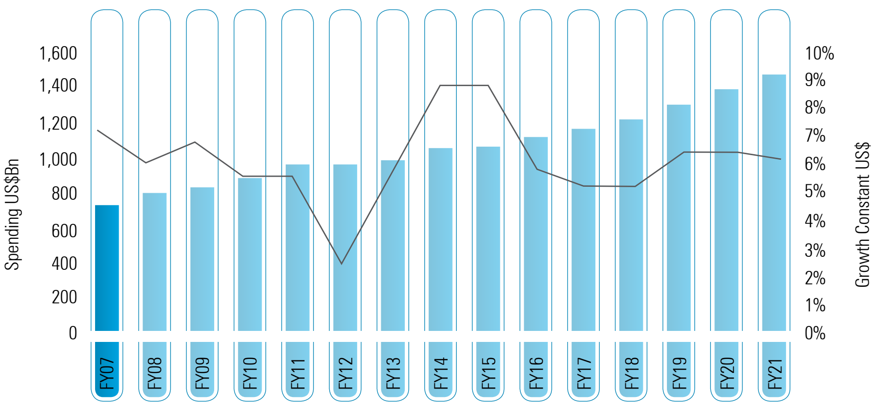
Market Outlook

In the midst of the changing conditions, the global pharmaceutical industry performed fairly well in 2016 with annual spending reaching $1.10 trillion. The major drivers of this growth have been the new wave of innovative therapies approved by regulators, ongoing transformation of the R&D model and an increased focus on patient well-being.

Looking ahead, experts expect the industry to reach US$1.5 trillion by 2021, growing at a CAGR of around (4-7)% only slightly slower than the 5.9% growth over the past five years. It is important to note that, the spending growth has moderated from 2014-15 level, which was propelled by introduction of new medicines in hepatitis and cancer therapies. The next five years will see the market growing at a more consistent rate but with much more attention on spending and specifically pricing.

The continued growth of global medicine spending over the past decade and the next five years will more than double the amount spent on medicines over that fifteen year period. Over that timeframe, the drivers of medicine spending and growth have shifted from the blockbuster drugs of the late 1990's, to the volume-driven growth in pharmerging markets and the demand driven-situation in developed markets, post patent cliff.

It is also noteworthy to consider that the orphan drug market is expected to reach US$ 217 billion by 2022, almost doubling its size from 2016, thus indicating that R&D programmers are increasingly being oriented towards addressing unmet need and enhancing last-mile access.



(Source: IMS Market Prognosis Sept 2016; QuintilesIMS Institute, Oct 2016) Spending Growth

Global spending on different Pharmaceutical products

	Original Brands	Non-Original Brands	Unbranded	Other Products	Total US$Bn
Global	56%	22%	12%	10%	$1,455-1,485Bn
Developed	69%	14%	12%	5%	$975-1,005Bn
Pharmerging	22%	42%	14%	22%	$315-160Bn
Rest of World	51%	27%	8%	14%	$130-160Bn

(Source: Quintiles IMS Institute Outlook for Global Medicines through 2021)

Key geographic focus

The US is expected to continue to feature among the top pharma markets of the world, but the growth will slow down to (6–7) % over the next five years compared to 12% in 2015. The reduction in overall spending will be seen as branded medicines lose exclusivity in the next five years—more than 1.5 times as compared to the past five years. This includes the estimated impact of biosimilars, which will contribute between $27–58 billion, uncertainty based on multiple issues in litigation with originators, as well as regulatory, pricing and competitive dynamics. Interestingly, small molecule patent expiries will have a larger impact during the next five years ($105.9 billion from 2016 to 2020) than during the previous five ($87.2 billion from 2011 to 2015), on an absolute U.S. dollar basis.

The US is closely followed by China, which is one of the world's fastest-growing pharma markets owing to a constantly ageing population. China became the number two global market in 2012, surpassing Japan. China continued to grow at double-digit growth rates until 2015 when it slowed to 5.6% following a series of price cuts. China is expected to grow at a more modest 5–8% rate till 2021 when it will reach $140–170 billion.

Across the major European market, spending of medicine will increase from $151.8 billion in 2016 to$170–200 billion in 2021 excluding the currency exchange effects, which has witnessed the devaluation of the Euro and the British Pound to the U.S. dollar. Next in line are Brazil, India and Russia. Brazil, despite its recent economic slowdown, price pressures and cost containment measures, is forecasted to grow at a CAGR of 12.7% between 2012 and 2017. India, with its growing middle-class population and the Central Government's increased focus on providing basic healthcare to families living below the poverty line, is expected to grow at a CAGR of 12.5% during the same period. Russia lies next in the line thanks to its government proposing an increase in healthcare spending from 5.6% of the GDP in 2012 to 7.5% by 2020.It is forecasted to grow at a CAGR of 10.1% between 2012 and 2017.

Exhibit 4: Key Region and Country Spending and Growth till 2021

Spending 2021 US$	2016 US$Bn	2011-2016 CAGR	2021 US$Bn	2016-2021 CAGR
Global	**1,104.6**	**6.2%**	**1,455-1,485**	**4-7%**
Developed	**749.3**	**5.4%**	**975-1,005**	**4-7%**
U.S.	461.7	6.9%	645-675	6-9%
EUS	151.8	3.9%	17-200	1-4%
Germany	43.1	4.4%	49-59	2-5%
U.K.	27.0	6.7%	34-38	4-7%
Italy	28.8	5.2%	34-38	1-4%
France	32.1	0.7%	33-37	(-1)-2%
Spain	20.7	3.2%	23-27	1-4%
Japan	90.1	2.0%	90-94	(-1)-2%
Canada	19.3	3.0%	27-31	2-5%
South Korea	13.0	2.9%	14-18	3-6%
Australia	13.5	6.3%	13-16	0-3%

Spending 2021 US$	2016 US$Bn	2011-2016 CAGR	2021 US$Bn	2016-2021 CAGR
Pharmerging	**242.9**	**10.3%**	**315-345**	**6-9%**
China	116.7	12.4%	140-170	5-8%
Tier 2	55.8	11.4%	75-85	8-11%
Brazil	26.9	11.3%	32-36	7-10%
India	17.4	12.11%	26-30	10-13%
Russia	11.6	10.5%	14-18	5-8%
Tier 3	61.3	6.5%	82-85	6-9%
Rest of World	**112.4**	**3.5%**	**130-160**	**3-6%**

(Source: IMS Market Prognosis, Oct 2016)

Over the next five years, the global medicine spending and growth is expected to be driven by divergent dynamics. Both the developed and the pharmerging markets are expected to witness spending during this period. However developed markets are expected to be driven by the original brands whereas the pharmerging markets are expected to be driven by the non-original ones. On one hand, developed markets are expected to balance a substantial surge in spending on new medicines with cost controls, a focus on pricing and the impact of patent expiries at $170 billion (1/3rd greater than in the last five years). Whereas the pharmerging markets are expected to see a subdued growth over the same period as the growth in China (the largest market and largest growth driver) slows to 5–8% growth from an average 12.4% in the last five years. However, the pharmerging countries who have a widely varying economic, social and healthcare environments, share a common theme of being driven by lower-cost non-original medicines. They retain significant variations in the mechanisms with which they fund, manage and oversee healthcare and medicines.

Global generic pharma market

Generic drugs have increased the accessibility and affordability of modern-day pharmaceutical products. Generic drugs offer identical quality, benefit and safety when compared to branded medications. It allows access to expensive treatments at much lower costs. This is why generic drugs are considered to play an essential role in sustainable health care. The global generic drugs market is pegged to grow at a CAGR of 6% between 2016 and 2020. The global generic medications market is expanding primarily due to governmental and legislative drive to reduce patient budget and patent expiration of branded drugs. Furthermore, the participants in the pharma industry supply chain network such as wholesalers, retailers, pharmacies, and benefit managers also benefit from the sale of generic drugs, since it significantly increases their profit margin. This has emerged as a key growth driver for the generic drugs market. With many pharmaceutical drugs set to lose their patents during the next few years, the competition in the generic market is expected to intensify. Patent expiries of branded drugs have resulted in the introduction of inexpensive generic drugs. Branded drugs with sales of up to $135 billion expired by the end of 2015. This offered generic pharmaceutical companies with the opportunity to capitalize on this market. Moreover, with the patent expiry of drugs expected to climb to$150 billion by 2020, the growth of the global generic drugs market is expected to continue unabated.

As the branded drug industry faces stiff competition from the generic players, with each passing day, the innovative companies have tried to come up with out-of-the-box defense measures to protect their market share and bottom-line. A detailed study of defensive strategies adopted by the branded drug players would reveal that the generic drug industry is not only armed to survive battles over patents, but also adopt licensing and partnering strategies to launch new products successfully and ensure that their market thrives. Whatever may be the situation, all these factors are expected to enhance the sales of the generic drugs in the days ahead but the only concern is that base business product pricing may be at downward risk.

US generic market

The generic pharmaceutical industry plays an important role in the health system of the US and drives value by generating savings and enhancing the access to medicines for patients. With generics making up almost 90% of the products used, this is a very crowded and competitive market composed of manufacturers from across the globe. Overall US pharma industry size is $330-340 billion, out of which $170-175 billion are branded drugs, $100 billion are biologics, and $70 billion are generic products. Excluding rebates and discounts, estimated generic market size at manufacturer-level pricing is expected to be roughly $45 billion in sales value. The US market is and will likely remain the most lucrative market for generics on account of its significant size and continued visibility of opportunities. The generics market has grown from USD 28 billion to USD 45 billion over the past eight years leading to 2015, which implies a CAGR of 11.4%. Over the same period, both the branded generics market and the brand market in the US have grown by 4.5% and 5.5%, respectively. The US generics market has become crowded over time with the entry of number of generics players with significant US sales.

In this context, it is important to highlight that the performance of the Indian players in the US generics market in the last couple of years has been a little subdued owing to a number of issues such as the FDA issues for front-line generics, channel consolidation related pricing pressure and increased competition. As a result the Indian players lost a bit of market share in 2016. Despite this, the industry expects the Indian pharmaceutical players to make a strong comeback on the back of productive in-house R&D capabilities, successful business development initiatives, and manufacturing cost efficiencies. Companies with strong R&D capability and low-cost manufacturing should be the winners in this game in the long-term. According to the IMS Health April 2016 MAT (moving annual total) data, India's volume share increased by 240bps on a y-o-y basis to reach 31% whereas the value share increased by 90 bps on a y-o-y basis to reach 17%.

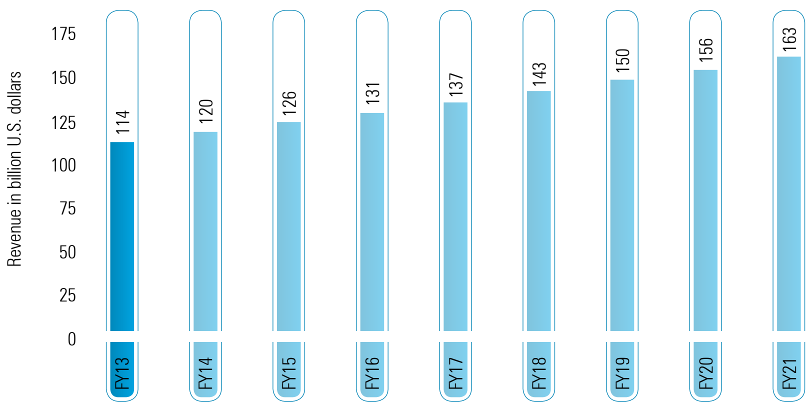
Global OTC drugs market

Medicines that are available to consumers without any prescriptions are termed as the OTC (Over the Counter) medicines. OTC drugs are mostly sold to consumers by convenience stores. OTC drugs are a major component of the healthcare industry, both from a financial as well as a medical perspective. OTC drugs are important because they are the driving force behind health and health maintenance outside conventional healthcare facilities and play a critical role in patient compliance. With an increasing number of medications becoming available over-the-counter, the role of these drugs will only continue to expand over time. In pharmerging countries, the OTC market has grown at nearly 15% CAGR over the past couple of years, and now accounts for a 20% share of the total pharma market compared to only 9% in the mature markets. The global OTC drug market, which was valued at $120 billion in 2015, is pegged to reach $162 billion by 2020, growing at a CAGR of 6.37%. (Source: Global Over the Counter Drug Market 2016-2020). This strong growth is expected to be driven by several demographic and economic trends, switching of medicines from prescription to OTC sales, and changes in cultural attitudes towards self-medication and regulatory processes in national markets.

15%.

CAGR GROWTH OF GLOBAL OTC MARKET IN PAST COUPLE OF YEARS

Global revenue of the over-the-counter and nutritionals market from 2013 to 2021 (in billion U.S. dollars)



(Source: Trefis.com © Statista 2016)

US OTC generics market

The FDA's NSURE (Non-prescription Drug Safe Use Regulatory Expansion) initiative has encouraged increased switching of prescription drugs to OTC variants. Currently, the USA is the leading market in the global OTC segment. As on 2016, OTC drug sales in USA reached USD 34 Billion. Store-brand OTC products will also continue to gain share in an increasingly competitive environment.

Accessibility, affordability, trust and empowerment – these are the ways in which OTC medicines provide US consumers and the nation's healthcare system with tangible value. OTC medicines provide inexpensive treatment options for both consumers and the U.S. healthcare system. It has resulted in significant cost savings by avoiding spending for doctors' visits, diagnostic testing, and higher priced prescription drugs. Physicians and adults believe that responsible use of OTC medicines can help ease the burden to healthcare cost. OTC medicines are a trusted first-line of defense for a range of illnesses.

CRAMS

Global overview

CRAMS is one of the fastest-growing segments in the pharmaceutical and biotechnology industry. It pertains to outsourcing research services/ manufacturing products to low-cost providers with world class standards, in line with international regulatory norms. CRAMs basically consists of the following two activities. One, a Contract Research Organization (CRO) –an organization that renders services on a contract basis in the form of preclinical and clinical research services to the pharmaceutical and biotechnology industries; two, Contract Manufacturing Organization (CMO) - an organization that makes pharmaceutical products under contract and delivers its client with wide range of services from drug development to manufacture.

The past few years have been highly turbulent for the pharmaceutical industries, particularly in the North American and European economies, with the operations being severely impacted by patent cliff and economic recession occurring at the same time. On top of it, huge investments followed by low productivity in R&Ds are driving global pharmaceutical companies to cut costs by outsourcing their research and manufacturing activities to low cost countries. The resulting turmoil significantly changed the structure of global CRAMS industry with countries such as India and China assuming greater importance in the recent years. The increasing need for effective and safe drug discovery and manufacturing has been driving the revenues of global CRAMS industry and forcing Pharmaceutical multinationals to outsource manufacture of intermediates, API's and formulations.

India's position in the global CRAMS space

Patented drugs worth approximately US$85 billion in potential annual sales in US are expected to come off-patent by 2020. Once drugs lose patent protection, the focus would shift to price competitiveness and ensuring manufacture of such generic drugs in the most cost-effective manner. India is one of the world's best known low-cost manufacturing centres, with highest number of U.S. Food and Drug Administration (USFDA) approved manufacturing plants outside the US. This is likely to boost the prospects of Indian CRAMS companies. The Indian CRAMS segment, which was valued at $ 9.3 billion in 2014, is estimated to grow by over 20 percent to touch $ 19 billion by 2018. The present share of Indian manufacturers in the global CRAMS segment is only 5 percent and is expected to rise to 7-8 percent, driven by higher growth.

The Indian pharmaceutical research industry also benefits from structural factors such as the presence of a highly-skilled yet low-cost labour force. As most of the outsourcing to Indian CRAMS industry is from the western countries where English is widely spoken and understood, this is a natural advantage to India as compared to other geographies (China, Vietnam, among others). R&D costs are increasing and productivity levels declining in regulated markets. Hence, global pharmaceutical companies are looking for outsourcing destinations to enhance their finished drugs portfolio.

The growing importance of CRAMS

- CRAMS companies have become steady suppliers of APIs used in the manufacture of formulations.
- The manufacture of formulation drugs are carried out by CRAMS companies at lower costs due to economies-of-scale.
- CRAMS companies specialising in research have taken up assignments in formulation development, drug development or conducting trials

$85 BN.

WORTH OF PATENTED DRUGS IN US EXPECTED TO COME OFF-PATENT BY 2020.

Growth drivers for Indian CRAMS players

New drug development is a time-consuming affair

From initiation to launching new drug to market it takes 10 to 15 years. Thus, to work on the complex molecules, research is often outsourced to reduce drug development time.

Focus on core competencies

Decreasing R&D productivity and rising costs has led innovator companies to outsource non-core activities thereby minimising the capital invested in plant and production processes.

Imminent patent cliff

Following patent expiry, most innovators choose to outsource production to low-cost destinations.

Infrastructural Support

A number pharmaceutical plants in India are US FDA and UK MHRA approved plants.

Resource Pool

Qualified people, host of cheap labour and less R&D cost compared to other developed nations, has given India an advantageous position.

INDIAN PHARMACEUTICAL INDUSTRY

Over the years, India has become a leading pharmaceutical producer, with a fast growing generics and biosimilar market. India currently ranks fourth in the world among the highest generic pharmaceuticals producers and contributes 20% of global generic drug exports.

Inexpensive labor, strong government support, and lower production costs are some of the compelling reasons behind the rise in stature of the Indian pharma industry. Although the number of domestically-owned pharmaceuticals companies in India is not few, but still many multinational pharma behemoths appear to be taking advantage of the country's inexpensive labor through India-based subsidiaries. Lower research and development (or R&D) and manufacturing costs compared to other developed nations, is another added advantage for India. Further, given the government initiatives that support the pharmaceuticals sector, including fiscal incentives and streamlined development procedures have acted as a catalyst in the process. Cost of production has been a leading source of India's industry strength, as India is meaningfully cheaper than the U.S. and Europe in terms of drug production costs.

The domestic industry's long-established position as a world leader in the production of high-quality generic medicines is set to reap significant new benefits as the patents on a number of blockbuster drugs are scheduled to expire over the next few years. In addition, more and more governments worldwide are seeking to curb their soaring prescription drug costs through greater use of generics.

Today the Indian pharmaceutical sector accounts for nearly 2.4% of the global pharmaceutical industry in value terms and 10% in volume terms. Drug approvals given by the US Food and Drug Administration (USFDA) to Indian companies have nearly doubled to 201 in FY 2015-16 from 109 in FY 2014-15.

Role of Indian generic drugs on the U.S. market

The United States is the largest single pharmaceutical market in the world and the prime focus for most exporters including India. Indian pharmaceutical companies have made tremendous strides in the U.S. market in the recent past. Indian companies are exploiting their cost advantages, their strength in reverse engineering, and the largest number of U.S. FDA approved plants outside the United States to capture a larger share in the U.S. market. Indian companies can manufacture pharmaceuticals, conduct R&D and clinical trials at competitive costs as compared to United States.

Exports

India's drug and pharmaceutical industry witnessed healthy growth in exports (9.4% during 2015-16 as against 3.2% and 1.9% during previous two years) on account of an increase in the number of approvals and increased access to newer markets. Today India accounts for nearly 20% of the global exports in generics. In FY16, India exported pharmaceutical products worth US$ 16.89 billion and the same is expected to reach US$ 40 billion by 2020. The share of Indian exports towards key regulated markets (including the US, Germany, the UK and Canada) increased from 34% during FY14 to 39% during FY16 and that of key emerging markets (including Brazil, Kenya, Nigeria, South Africa, Russia and Vietnam) has remained stable at ~15% during the same period. This, to certain extent, indicates the strengthening aspect of drug manufacturing and compliance aspects in the country. Of the top-25 destinations for India's pharmaceutical exports, North and South America have contributed ~40%. The US remains the top export destination with a share of 32.59% and a growth rate of 27.72%. (Source: IBEF and CMIE-Care Ratings)

Advantage India

The main reasons for growth of Indian Pharmaceutical Industry are:

Cost efficiency

- Low cost of production and R&D boosts efficiency of Indian pharma companies
- India's cost of production is significantly lower than that of the US and Europe

Policy support

- The Central Government unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture
- Reduced approval time for new facilities to boost investments
- 100% - FDI under the automatic route

COMPANY OVERVIEW

About the Company

Originally founded as Triton Laboratories Private Limited in 1984 to manufacture Paracetamol APIs at Bonthapally factory near Hyderabad, Granules India Limited which was formally founded in 1991, today is one of India's large scale pharmaceutical manufacturers. With a presence in Active Pharmaceutical Ingredients (APIs), Pharmaceutical Formulation Intermediaries (PFIs) and Finished Dosages (FDs), the Company is one of the few players within the industry to have a vertical integration. A strong presence across all these verticals has helped the Company in creating a leadership position for itself in the off-patent drugs segment; along with creating a strong presence in 'first line of defense' products such as Paracetamol, Ibuprofen, Metformin and Guaifenesin.

With exports comprising major share of revenue, Granules is today preferred supplier for some of the leading pharma branded and generics companies across the globe. Dedicated to excellence in manufacturing, quality and customer service, it possesses one of largest PFI and single site FD facilities in the world. Its unaltered focus on operational excellence and process innovation enables it to be an efficient manufacturer of high-volume pharmaceutical products.

While over the years it built a strong competency in high-volume manufacturing, it felt the importance to diversify beyond its core business. The acquisition of Auctus Pharma in 2014 was a big step towards taking the Company ahead with a renewed portfolio of products and to focus on the development of new business division consisting of molecules with limited competitors. At Granules, we believe that the quality of a business is decided by how a company goes about creating, developing and nurturing the basics that build up the business. In line with this strategy, the Company embarked on strengthening it's R&D capabilities to develop new generic molecules and improve the efficiency of it's present portfolio. Towards this direction, the Company established one API R&D centre in Hyderabad and two formulation R&D centres located at Hyderabad and in Virginia, the US. It's The Virginia facility also has the formulation manufacturing facility which further validates Granules intent towards emerging as a leading pharmaceutical player.

Granules has also ventured into Specialty division by building capabilities to develop products in the Oncology and High potent APIs. At the Granules Research Center, it develops the APIs within oncology and other high potent APIs. These APIs will be manufactured at a facility located a Vizag which is currently under construction.

Along with a multinational manufacturing presence, the Company operates in more than 60 countries, with over 250 customers across the globe. About 67% of the company's total turnover is generated from the regulated markets of North America and Europe. It also has meaningful presence in the Latin American countries for its core products in PFI formats. Domestic market contributes around 18% of the business which is driven by APIs.

Vertical	Location of the plant
API Intermediaries	Bonthapally
API	Bonthapally, Jeedimetla, Vizag, Jingmen – China (Granules Biocause - JV)
PFI	Jeedimetla, Gagillapur
FD	Gagillapur, Virginia – The USA
API (CRAMS)	Vizag (Granules Omnichem - JV)

Presence

The Company has been successful in augmenting it's position as a multinational company, not just in terms of product but also in terms of manufacturing presence. Presently the Company has six manufacturing facilities, out of which five are located in India and one in the US.

Our valued partners

Forging strong relationships with other major global players has been one of the major strategies for the company.

Over the years, it has formed relationships with some of the most renowned pharmaceutical companies in the industry. Its joint ventures include the following:

60+

COUNTRIES WE ARE PRESENT ACROSS THE GLOBE

Granules Biocause: Established in 2006, it is a joint venture (JV) between Granules India and Hubei Biocause of China. Hubei, the Chinese company, is well known across the globe as one of the premium manufacturers of Ibuprofen. The Chinese entity has an installed capacity of 4,800 TPA. Thus this JV provides supply security for Ibuprofen APIs which further strengthened Granule's position in the manufacturing of Ibuprofen PFIs and FDs.

Granules Omnichem: Established in 2015-16, a JV between Granules and Ajinomoto Omnichem of Belgium,. Ajinomoto Omnichem a well-established player in the high-margin CRAMS market. Thus this strategic JV has allowed Granules to enter the high-margin CRAMS market, without any major investments in R&D. Further this 50:50 partnership has not only allowed Granules to manufacture high-value intermediates and APIs, but also helped in adding one more growth lever for the future as a high quality CRAMS player. FY2016-17 marked the first full year of commercial operations of the JV with positive contribution both at operating and net profit level.

OUR CORE COMPETENCIES

Sustainable growth

At Granules, there is adequate focus on topline growth and margins. This has ensured adequate value on the table for all our stakeholders - vendors, customers, employees, government and shareholders.

Integrated business model

Over the years Granules has evolved itself from just an API manufacturer to a company that has a strong presence across the value chain in the pharmaceutical industry. Thus establishing itself as a complete global pharmaceutical player with presence in APIs, PFIs and FD.

Experienced management team

During FY2016-17, the Company plugged several senior positions, drawing talent from prestigious companies. The intellectual capital forms a cornerstone for growth and the Company has consciously strengthened this area to sustain growth.

Customer Relationships:

We have been able to create and sustain strong relationship with the globally major pharmaceutical players. This has helped us strengthen our revenue model. We have our own ANDAs and dossiers, which makes it possible for customers to enter markets with high-quality and cost-effective products.

Economies of Scale:

We possess industry leading batch size for manufacturing PFIs and are among the largest in APIs. This large scale production helps us reduce production costs and manufacture efficiently.

State-of-the-art infrastructure:

We have always focused on having advanced infrastructure at our operations. Our constant investments in technology have helped the customers rely on us over a period of time.

Large Customer Base:

Our customers are present across 60 countries around the globe. This has helped us strengthen our operational reach and gradually grow our business.

OVERVIEW OF THE BUSINESS VERTICALS

At Granules, we aim at delivering the best possible solutions which meets the needs of our esteemed customers spread across the globe. Keeping the needs of our customers at the forefront of every business decision, we broadly supply products divided into three verticals.

(I) **Active Pharmaceutical Ingredients (API):** When it comes to the production of APIs, Granules is one of the most cost-effective and efficient manufacturers of APIs across the globe. Further it has cemented it's place in the world as one of the leaders in the manufacturing of Paracetamol, Metformin, Guaifenesin and Methocarbamol. Over the

years the Company undertook a number of measures like the setting up of a new in-house R&D centre at Hyderabad and the acquisition of Auctus Pharma, to further strengthen it's position in the global pharma industry and to further enhance it's present product offerings in the API space. Use of advanced technology coupled with a strong intellectual team and a critical backward integration process, has made it possible for Granules to assume leadership position it its products with global acceptability. Use of advanced technology, along with expertise and knowledge of regulations allows Granules to consistently meet the demands of our customers. It is committed to develop quality products, keeping in mind its safety and efficacy on the target population.

Granules has initiated the expansion of its API manufacturing capacities for Paracetamol, Guaifenesin and Metformin, which we expect to be completed by the coming fiscal. In addition, during the year 2016-17, it has also filled three DMFs with US FDA to strengthen its product portfolio. Presently, the API business accounts for 38% of the Company's revenue.

(II) Pharmaceutical Formulation Intermediates (PFI): One of the pioneers in terms of commercialising PFIs, Granules India Limited has been successful in creating a name for itself in the global pharma industry as a premier PFI manufacturer. In the early part of the 1990's, Granules figured out that most of the manufacturers were not efficiently producing PFIs and thus, it entered this particular business segment. It identified that the existing companies used to granulate, but in limited quantities and that too for selected products. These products had to be tested individually, which again raised the expenses for the manufacturers. In turn, the customers had to buy them at higher prices. Granules has 6 ton PFI batch size which, we believe gives a sustainable competitive advantage, in terms of economies of scale and having a large scale production capacity, has presented a huge cost advantage for its clients. Presently, the PFI business accounts for 24% of the Company's revenue.

At Granules, we produce PFIs that are taken from drums to hoppers directly. The Company through its PFI facilities at Jeedimetla and Gagillapur processes these intermediates to be compressed into tablets. Some of the benefits, for the customers, of using the PFIs have been listed below:

Reduced vendor development cost: With only one vendor in place for different processes and materials used for manufacturing PFIs, the customers observe a substantial savings on development costs and it also simplifies supply chain management process.

Lower testing costs: In order to minimize the testing costs of the customers, the Company has taken the onus upon itself to deliver products of superior quality every time. Thus allowing the customers to conduct only a single test and in turn saving substantial quantum testing costs for them.

Saves technical resources: Our experience and expertise in manufacturing of PFIs in unmatched. This allows our customers to trust and depend on us, enabling them to avoid huge expenditure on pre-formulation studies and development processes.

Reduction of capital expenditure: Since setting up a PFI manufacturing facility comprises more than 80% of the total investments, the customers can reduce their expenditure by a great extent.

Provide desired release properties: Customers get access to PFIs, which can be developed to provide release properties, similar to brand leaders. This makes it possible for Finished Dosage manufacturers to get favourable outcomes from their bioequivalence studies.

(III) Finished Dosages: At Granules, the manufacturing of finished dosages represents the apex of the value chain and it's present portfolio consists of caplets, tablets as well as press-fit capsules in bulk, blister packs, and bottles. The Company over the years have developed a state-of-the-art manufacturing facility at Gagillapur, which possesses automated processes, robust infrastructure and superior quality systems that efficiently produce finished dosages. The Company further strengthened its customers competitive advantage by providing Bi-layer Tablets, Rapid Release tablets, and Extended Release (ER) tablets. Further the Company has developed its own ANDAs and dossiers, which has given its customer a ready reckoning in the market without getting delayed for approval. Thus enabling Granules beat the competition and emerge as the first choice supplier of FD's for many customers. Presently, the FD business accounts for 38% of the Company's revenue.

RESEARCH AND DEVELOPMENT

At Granules, we believe the sustainability of a company in the pharmaceutical industry depends on how a company goes about enhancing, evolving and cultivating the basics that build up the business. Thus we believe that our R&D has played an important role in propelling the Company on the path of success in recent past. The choices we made with the help of our R&D facilities in terms of the products, therapies and programs has helped in making us relevant and meaningful advisory to our customers, markets.

These basics have fuelled the Company's emergence as a global generics player in its product range.

The Company's research center at Pragathi Nagar, Hyderabad, spread across an area of 10,000 square feet, epitomizes the Company's focus on research and development. With the help of this R&D facility, the Company entered the enhanced formulation segment successfully and it mainly focuses on full-scale generic API development.

With a vision to look beyond the obvious, at Granules we made regular investments in our R&D initiatives to develop items for enhancing our intellectual wealth as well as commercialising a wide variety of quality products in diversified therapeutic areas. The Granules Research Centres (our in-house R&D) have helped the Company in identifying opportunities and turned them into distinctive differentiated growth drivers. It also enabled the Company to make brave choices in terms of overhauling and expanding pipeline with meaningful targets along with revitalising the growth of our short term and long term business and scientific goals.

The scientific talent pool of 140 people at Granules has not only helped the Company in commercialising cost effective yet quality products for the targeted market, but has also helped in widening it's portfolio through innovative products.

Granules Pharmaceutical Inc., which is Granules'100% wholly-owned subsidiary in Chantilly, Virginia, focuses on formulation R&D. It emphasises on products with specific release properties, ODTs and DEA controlled substances. Thus allowing the Company to enhance its product portfolio with value-added complex generics.

QUALITY AND COMPLIANCE

At Granules, the belief is that there's no shortcut to quality in the business of manufacturing drugs. It has constantly strived to produce quality products, which meet the global quality standards, enabling the Company to create a name for itself and gain customer's confidence. In order to fulfill the Company's commitment of delivering high quality products, it follows the global quality standards at every step of product development. In addition to that, the Company constantly undertakes regular quality risk assessment and risk mitigation processes to never fall short of the standard benchmark.

The Company has in place a team of highly qualified professionals with significant industry experience, who helps the Company in maintaining it's required quality standards along with enhancing the same. It follows the philosophy of Continual Product Improvement and at every step takes adequate measures to maintain the required status. Its manufacturing facilities are also set up in accordance with the industry quality standards. The Company's commitment to quality maintenance has earned the Company approval from global regulators such as US FDA, EU, MHRA, WHO GMP, and many more. During the year 2016-17, its Gagillapur facility completed the regulatory inspection of US FDA and INFARMED. Jeedimetla facility has also received Establishment Inspection Report from US FDA for the audit it conducted last year.

OPERATIONAL EXCELLENCE

Granules has designed a very successful Operational Excellence (OE) program which continues to deliver sustainable results for maximizing the growth of the Company. It has taken a multi-year, multi-project OE initiative for building technical excellence. Its OE program consists of three phases: Diagnostic, Design, and Implementation. The Company's OE program began in the year 2009. The objective of the OE team was to understand, identify, and develop projects that are supposed to fulfill the operational efficiencies and improvements that were identified during the Diagnostic Phase. With the approval and evaluation of the projects, it has formed teams that would work together to execute the project and implement the plans. The duration of the projects depend on the level of complexity, as they may vary from 3-4 months to more than a year.

The operational excellence (OE) team continues to bolster the Company's competitive advantage of efficient high volume manufacturing. The OE Team helps increase production flexibility, improves customer responsiveness, and minimises costs. OE provides a direct channel to improving output, in which thinking and doing is perfectly positioned to deliver transformational results. Granules keep on employing the best practices in key disciplines in order to progress towards its goal of building efficient and effective operations. It acknowledge and understand that the path to achievement of goals is not a one-time venture; hence we cultivate a culture of continuous improvement.

HUMAN CAPITAL

The Company believes its edifice of growth has been built on the cornerstone of the tireless effort provided by its committed workforce –Granules 'human capital'. Its core strength lies in its strong team of motivated and committed professionals who have in store vast experience and expertise in areas such as chemistry, R&D, process engineering, manufacturing, quality control and assurance and logistics; which have given the Company a decisive advantage over the years.

Believing its people are its strength, the Company has built an HR vision around the fundamental principles of innovation, empowerment and people-development. These principles ultimately translate into an array of policies, practices and processes institutionalized by the HR function and practiced unequivocally by the entire organization. Further, the Company's endeavour is not merely to enhance its workforce in numerical terms, but to ensure that their competencies are enhanced in line with changing business needs. The Company also has in place different teams to monitor the performance of different teams along with looking after the health, safety and security of the employees, so that they can work peacefully and perform better. The Company's work environment inspires people to deliver their best, encourages teamwork, and maintains a constant learning environment and work-life balance. The Company's total employee strength as on March 31, 2017 stands at 2,325.

Talking points 2016-17

- API Capacity augmentation in Bonthapally – The Company has initiated expansion of API capacities for Paracetamol, Metformin and Guaifenesin. The project is in progress and is expected to be complete by first quarter of FY'18. This should remove the API level bottleneck.
- PFI Capacity enhancement in Gagillapur – The expansion of 4,000 TPA PFI capacity is in progress and expect to complete the work by second quarter of FY'18
- Regulatory audits –Completed the US FDA and INFARMED audit for its Gagillapur facility. Also had US FDA inspection in its joint venture facility in Vizag. There were seven observations, which the Company has responded and is awaiting clearance from US FDA.
- ANDA Filings: Filed 3 ANDAs from Hyderabad which will help increase its core business portfolio. The Company has also filed 2 ANDAs from its Virginia facility. These are first set product filling from Virginia facility towards building portfolio for the US market.
- DMF Filings: Filed 3 DMFs from Vizag site, which will be used building future revenue from new API business.
- Completed first full year of operation of Granules OmniChem (CRAMS business), delivering substantial rise in revenue and earmarking profits as well.
- Strengthening of R&D bandwidth: Enhanced R&D capabilities by increasing the headcount. Currently with one R&D center of APIs in Hyderabad and two formulation R&D set up located at Hyderabad and Virginia, the Company also has a process R&D centre in Pune, focusing on continuous green technologies for base products.
- Received the establishment Inspection Report from the USFDA for Jeedimetla plant.
- Received the license from the Drug Enforcement Agency of the United States for its Virginia facility in the US, which will enable it to store and develop narcotics products.
- Granules Pharmaceuticals Inc. - a US based wholly owned subsidiary of Granules entered into an agreement with USpharma to acquire 12.5% of its equity. US pharma in collaboration with manufacturing partners have submitted 5 ANDAs with Para IV and Para III certifications, out of which 4 ANDAs have out-licensed to the subsidiary exclusively. The Company shall be responsible for the marketing and distribution of the products in the United States subject to final approval of the US FDA. This investment will also enable the Company to participate in the product selection and have the first right of refusal to market the select products which are under development by them.
- There were new inductions in top management to align to the long-term growth targets and ensure value-addition.

FINANCIAL OVERVIEW

In FY17, we crossed ₹1,400 crore in revenue while concurrently expanding operating and net profit margins due to our continuous focus on improvement and ability to execute business strategies.

Snapshot (₹ in Mn.)

Year	**2015-16**	**2016-17**	**Growth**
Income from Operations	13,829	14,353	4%
EBIDTA	2,815	3,088	10%
EBIDTA Margin	20.4%	21.5%	
PAT	1,230	1,645	34%
PAT Margin (%)	8.9%	11.5%	

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has adequate systems of internal control and procedures covering all financial and operating functions commensurate with the size and nature of operations. The Company believes that a strong internal control framework is one of the most important pillars of Corporate Governance. Continuous efforts are being made to see that the controls are designed to provide a reasonable assurance with regard to maintenance of accounting controls and assets from unauthorised use or losses. The audit committee looks into all aspects of internal functioning and advises corrective action as and when required.

CAUTIONARY STATEMENTS

Certain statements in the Management Discussion and Analysis, describing the Company's objectives, and predictions may be 'forward-looking statements', within the meaning of applicable laws and regulations. Actual results may vary significantly from forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement strategies. The Company does not undertake endeavours to update these statements.

Board's Report

To,
The Members,
Your Directors are pleased to present 26th Annual Report and the Company's audited financial statements for the financial year ended March 31, 2017.

Financial Results:

Summary of your Company's financial performance, both standalone and consolidated, for the year ended March 31, 2017 is tabulated below:

(₹ In Lakhs)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from Operations	1,37,416.90	1,35,349.02	1,43,525.34	1,38,293.02
Other Income	1,452.02	628.70	992.53	523.89
Total Income	1,38,868.92	1,35,977.72	1,44,517.87	1,38,816.91
EBITDA	31,031.89	27,625.14	30,876.33	28,150.41
Less: Finance Costs	3,216.41	3,704.57	3,225.63	3,706.79
Less: Depreciation	7,135.16	5,824.71	7,151.27	5,840.15
Profit Before Tax	20,680.32	18,095.86	20,499.43	18,603.47
Less: Tax Expenses	6,397.65	6,017.51	6,520.14	6,114.97
Net Profit After Tax	14,282.66	12,078.35	13,979.29	12,488.50
Add : Share of (profit)/loss in joint ventures	-	-	2,472.61	(188.45)
Net Profit after taxes and share of profit / (loss) of associates	14,282.66	12,078.35	16,451.90	12,300.05
Add: Surplus Brought Forward from Previous Year	17,587.47	7,859.40	17,545.58	7,595.81
Surplus Available	31,870.14	19,937.75	33,997.48	19,895.86
Appropriations made to Surplus:				
Dividends including dividend tax	2,233.04	2,350.28	2,233.04	2,350.28
Transfer to General Reserve	10,000.00	-	10,000.00	-
Balance carried to Balance Sheet	19,637.09	17,587.47	21,764.44	17,545.58
Basic Earnings per share	6.53	5.84	7.52	5.95
Diluted Earnings per share	6.49	5.73	7.48	5.83

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

Your Company is covered under phase I of the Indian Accounting Standards (Ind AS) implementation program notified by Ministry of Corporate Affairs, Government of India. Accordingly, your Company has prepared financial statements for the FY 2016-17 as per Ind AS because of which previous year figures have been restated as per Ind AS wherever required.

Overview of Financial and Business Operations:

The Company's Standalone revenues from operations was ₹ 1,37,416.90 lakhs for the FY 2016-17 as compared to ₹ 1,35,349.02 lakhs for the previous year registering growth of 1.53% in the current financial year. The Company has made Net Profit of ₹ 14,282.66 lakhs on standalone basis for the year under review as compared to ₹ 12,078.35 lakhs for the previous year, registering a growth of 18.25% in the current financial year.

The primary growth driver in FY 2016-17 was led by change in product mix. On a standalone basis, the Active Pharmaceutical Ingredients (API) business contributed the largest share of revenue of the Company at 39% while Pharmaceutical Finished Intermediates (PFI) and Finished Dosages contributed 24% and 37%, respectively while it was 38%, 28% and 34% for API, PFI and Finished Dosages respectively for FY 2015-16. The profitability outpaced revenue growth due to several reasons. Our continuous efforts on operational excellence, process innovation, yield improvement and lower raw material cost resulted in improved earnings.

During the year under review, we have received the Establishment Inspection Report from the USFDA for Jeedimetla plant. We had completed the US FDA audit for Gagillapur facility and INFARMED audit for our Gagillapur and Bonthapally facilities during the year under review. In the FY 2016-17, we have filed four ANDAs from Hyderabad, India. We have also filed three DMFs from vizag facility which will be used for building future revenue from API business. The management believes that the profitability margins from the operations are sustainable and it will continue to strengthen its leadership position through dedicated research and introduction of new products.

Vertical integration has always been our strength and focus area. We will continue our focus on our core business and strengthen it by enhancing our capacities, improving our efficiencies, adding new products, moving up in the value chain and most importantly offering better services to our customers. The Company will continue to solidify its business model and build systems that are sustainable as it continue to scale-up.

Expansion Programs and Projects:

We have initiated expansion of API capacities in Bonthapally for Paracetamol, Metformin and Guaifenesin. The project is in progress and we expect it to be complete by first quarter of FY18. This should remove the API level bottleneck and translate into increased revenues from our core business activity from the second quarter of FY18 onwards. PFI Capacity enhancement in Gagillapur up to 4,000 TPA is in progress and expected to complete by second quarter of FY18.

Dividend:

The Board of Directors has recommended a final dividend of 25 paisa per equity share (Face value ₹ 1/- per equity share) for the FY 2016-17, amounting to ₹ 571.76 lakhs. This is in addition to the interim dividend of 65 paisa per equity share paid during the year. The total dividend for the FY 2016-17 aggregates 90 paisa per equity share amounting to ₹ 1,993.11 lakhs as compared to 65 paisa per equity share paid in the previous year.

Transfer of Amount to Reserves:

The Board has recommended transfer of ₹ 10,000 lakhs to general reserve from the profits of the year under review.

Share Capital:

Consequent to amalgamation of M/s. GIL Lifesciences Private Limited with the Company during the year, the authorised share capital of GIL Lifesciences Private Limited of ₹ 160,000,000 was merged with the authorised share capital of the Company in terms of the scheme of amalgamation approved by Honorable High Court of Judicature at Hyderabad. Thus the Authorised Share Capital of the Company stood increased from ₹ 345,000,000/- to ₹ 505,000,000/- for the financial year ended 31st March 2017.

The Company has allotted 114,01,000 equity shares of ₹ 1/- each to the promoters upon exercise of an equal number of warrants vested in them pursuant to the approval of the members obtained during the financial year 2015-16. The Company has also allotted 590,000 equity shares of ₹ 1/- each upon exercise of an equal number of stock options by the employees pursuant to the extant Stock Option Scheme of the company.

In view of the above allotments, the outstanding shares of the company increased from 216,711,770 equity shares of ₹ 1/- each to 228,702,770 equity shares of ₹ 1/- each.

Transfer to the Investor Education & Protection Fund (IEPF):

In terms of Section 124(5) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, unclaimed dividend amounting to ₹ 142,701 (one lakh forty two thousand seven hundred and one only) for the financial year 2008-09, was transferred to the Investor Education and Protection Fund established by the Central Government during the year under review.

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.

Business Responsibility Report:

Business Responsibility 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 and their Performance and Developments

M/s GIL Lifesciences Private Limited

During the year, the Honb'le High Court of Judicature at Hyderabad for the state of Telangana and for the state of Andhra Pradesh by an order dated 1st September 2016 made in Company Petition no. 231 of 2016 filed by M/s. GIL Lifesciences Private Ltd., a wholly owned subsidiary of the Company sanctioned Scheme of amalgamation of M/s. GIL Lifesciences Private Ltd. with the Company with effect from 1st April, 2016 being the appointed date fixed in the said scheme. Consequent to the said order, M/s. GIL Lifesciences Private Ltd. was amalgamated with the Company on 26th October 2016, being the effective date. By virtue of the aforesaid amalgamation, M/s GIL Lifesciences Private Ltd. ceased to be the subsidiary of your company and stood dissolved pursuant to the scheme of amalgamation sanctioned by the Honb'le High Court.

- **Granules USA, Inc.**

  Granules USA, Inc., a wholly-owned foreign subsidiary of your Company, caters to the requirements of customers in the U.S market. The Share Capital of the Company as on March 31, 2017 is ₹ 116.31 lakhs. During the FY 2016-17, the Company achieved a turnover of ₹ 39,558.16 lakhs against the turnover of ₹ 29,828.82 lakhs for FY 2015-16 and the profit after tax is ₹ 346.21 lakhs against ₹ 168.67 lakhs for FY 2015-16.

- **Granules Pharmaceuticals, Inc.**

  Granules Pharmaceuticals. Inc. (GP Inc.), a wholly-owned foreign subsidiary of your Company located in Virginia, USA focuses in formulation R&D. The Share Capital of the Company as on March 31, 2017 is ₹ 1,225.00 lakhs. One ANDA was filed from this facility in March 2017 and another ANDA was filed in April 2017. These are first set product filling from this facility towards building a niche portfolio for the US market. It also received license from the Drug Enforcement Agency of the United States which will enable to store and develop narcotics products.

  Granules Pharmaceuticals. Inc. has entered into an agreement during the year under review with USpharma Limited to acquire 12.5% of its equity. This investment will also enable us to participate in the product selection and have the first right of refusal to market the select products which are under development by them. USpharma Limited in collaboration with its manufacturing partners have submitted 5 ANDAs with Para IV and Para III certifications, out of which 4 ANDAs have already been out-licensed to GP Inc. exclusively for the marketing and distribution of the products in the United States after final approval from US FDA, pursuant to the agreement entered with it for product-in-licensing.

- **Granules Europe Limited**

  Granules Europe Limited is a wholly owned foreign subsidiary set up in UK for focusing on marketing to European customers.

  The Policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website at the link: www.granulesindia.com

Joint Venture Companies:

The developments in business operations / performance of Joint Venture Companies consolidated with the Company are as below:

- **Granules-Biocause Pharmaceutical Co. Limited**

  The Share Capital of the Company as on March 31, 2017 is ₹ 3638.06 lakhs. The Company achieved a turnover of ₹ 21,999.83 lakhs during the year under review as against turnover of ₹ 17,008,32 lakhs in the previous year. Profit after tax for the year under review is ₹ 2,458.56 as against ₹ 645.55 lakhs during the previous year of which Granules India Limited reports 50% share in profit from Joint Ventures. However, previous year figures are not comparable as previous year figures are for nine months period from April to December 2015 whereas current year figures are from January to December 2016.

- **Granules OmniChem Private Limited**

  The Share Capital of the Company as on 31st March 2017 is ₹ 8,576.19 lakhs. The Company achieved a turnover of ₹ 20,031.91 lakhs during the FY 2016-17 as against ₹ 1,425.66 lakhs during the FY 2015-16. Profit after tax for the year under review is ₹ 2,486.65 as against loss of ₹ 1020.82 lakhs in the previous year of which Granules India Limited reports 50% share in profit from Joint Ventures. US FDA had inspected the facility and issued seven observations, which were responded within the stipulated period. The Company is awaiting clearance from US FDA.

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 and Joint Ventures is prepared in Form AOC-1 and it forms part of the consolidated financial statements.

Consolidated Financial Statements:

The consolidated financial statements, in terms of Section 129 of the Companies Act, 2013 and regulation 34 of the Listing Regulations and prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereof forms a part of this annual report. The consolidated financial statements have been prepared on the basis of audited financial statements of your Company, its subsidiaries and associate companies, as approved by the respective Board of Directors. 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 www.granulesindia.com and copy of separate audited accounts of its Subsidiaries will be provided to the members at their request.

Director's Responsibility Statement:

Pursuant to the requirement of Section 134(5) of the Companies Act, 2013 and based on the representations received from the operating management, the Directors hereby confirm that:

a) in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

b) the Directors have selected such accounting policies 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, 2017 and of the profit of the Company for the year ended on that date;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the annual accounts on a 'going concern' basis for the financial year ended March 31, 2017;

e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Governance Report:

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The report on Corporate Governance as stipulated under the Listing Regulations forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

Corporate Social Responsibility (CSR):

The Composition of the Committee is provided below.

Name	Category
Mrs. Uma Devi Chigurupati, Chairperson	Non-Independent, Executive
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive
Mr. A. Arun Rao	Independent, Non-Executive

The CSR Policy may be accessed on the Company's website at the link: www.granulesindia.com

The Company is undertaking CSR initiatives in compliance with Schedule VII to the Act. During the year under review, the Company has spent ₹ 276.16 lakhs on CSR activities. The annual report on CSR activities is annexed herewith marked as Annexure I to the Board's Report.

Nomination and Remuneration Committee:

The Company's Nomination and Remuneration committee consists of majority of Independent Directors which ensures transparency in determining the remuneration of Directors, KMPs and other employees of the Company. The Chairman of the committee is an Independent Director, thereby resulting in independent and unbiased decisions.

During the financial year 2016-17, the composition of Nomination and Remuneration Committee is provided below

Name	Category
Mr. C. Parthasarathy, Chairman	Independent, Non-Executive
Mr. L. S. Sarma	Independent, Non-Executive
Mr. A. Arun Rao	Independent, Non-Executive
Mr. K.B. Sankar Rao	Non-Independent, Non-Executive
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive

The Performance Evaluation and Remuneration Policy framed by the Committee and approved by the Board is directed towards rewarding performance of Executive and Non-Executive Directors, Key Managerial Personnel and Senior Management Personnel of the Company based on review of achievements periodically.

Risk Management Committee:

Risk Management Committee has been entrusted with the responsibility to assist the Board in (a) overseeing and approving the Company's enterprise wide risk management framework; and (b) overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. Your Company has proper process for Risk Management.

Internal Audit & Controls:

Your Company continues to engage M/s Dhanunjaya & Haranath, Chartered Accountants as its Internal Auditors. During the year, your Company continued to implement their suggestions and recommendations to improve the internal controls. Their scope of work includes review of operational efficiency, effectiveness of systems & processes, compliances and assessing the internal control strengths in all areas. Internal Auditors findings are discussed and suitable corrective actions are taken as per the directions of Audit Committee on an on-going basis to improve efficiency in operations.

The Company's internal control systems are well established and commensurate with the nature of its business and the size and complexity of its operations. The Audit Committee reviews 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:

Dr. V.V.N.K.V. Prasada Raju was appointed as an Additional Director and consequently, a Whole Time Director in the Board meeting held on January 4, 2017, subject to approval of the members at the 26th Annual General Meeting. He was also designated as Key Managerial Personnel (KMP) in the Company.

Mrs. Uma Devi Chigurupati was appointed as Whole-Time Director by the members in the 21st Annual General Meeting held on 2nd July 2012 for a period of five years w.e.f.31st May 2012. The current term of office of Mrs. Uma Devi Chigurupati as Whole-Time Director expires on 30th May 2017. Considering the commitment consistently shown and results exhibited, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Mrs. Uma Devi Chigurupati as Whole-Time Director of the Company for a further period of 5 (five) years effective from 31st May 2017.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Kolli Basava Sankar Rao, Non- Executive Director of the Company, retires by rotation at the 26th Annual General Meeting and being eligible offers himself for re-appointment.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under the Companies Act and the Listing Regulations.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include 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 there under and the Listing Regulations (including any statutory modification(s) or re–enactment(s) for the time being in force), the process for evaluation of the annual performance of the Directors/ Board/ Committees was carried out in accordance with the policies in force.

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 Board / Committee meetings, when CXOs are asked to make presentations about 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 informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company.

Mr. Krishna Prasad Chigurupati, Chairman and Managing Director, Mrs. Uma Devi Chigurupati, Executive Director, Dr. V.V.N.K.V. Prasada Raju, Executive Director, Mr. VVS Murthy, Chief Financial Officer and Mrs. Chaitanya Tummala, Company Secretary are Key Managerial Personnel of the Company during the year under review. The Board in its meeting held on 11th May 2017, appointed Mr. K. Ganesh as Chief Financial Officer and Key Managerial Personnel of the Company w.e.f 12th May 2017 in place of Mr. V V S Murthy.

Employee Stock Option Scheme:

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employee Stock Option Scheme of the Company in accordance with the applicable SEBI Regulations.

The applicable disclosures as stipulated under the SEBI Guidelines as on March 31, 2017 (cumulative position) with regard to the Employee's Stock Option Scheme are herein under provided. The issue of equity shares pursuant to 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.

Pursuant to regulation 13 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. certificate from M/s. Kumar & Giri, Statutory Auditors is given as Annexure II to the Board's Report. Voting rights on the shares issued to employees under the Employee Stock Option Scheme are either exercised by them directly or through their appointed proxy.

The details of the stock options granted / vested / exercised under the Granules India Limited – Employee Stock Option Scheme 2009 approved by the members in 18th Annual General Meeting, are given below:

Sl. no.	Description	Details
(a)	Options granted till date under the scheme	8,200,000 options
(b)	Pricing formula	Closing market price as on the date prior to the grant date on National Stock Exchange (where there was highest trading volume).
(c)	Options vested during the year	690,000
(d)	Options exercised during the year	590,000
(e)	Total number of shares arising as a result of exercise of options	590,000
(f)	Options lapsed during the year	390,000
(g)	Options lapsed till date under the scheme	2,640,000
(h)	Variation in terms of options	Nil
(i)	Money realized by exercise of options during the year	₹ 14,168,000/-
(j)	Total number of options in force	1,570,000

(k) Employee wise details of options granted during the year to :

(i) Senior managerial personnel — Nil

(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.

Employee wise details of options amounting to 5% or more of options granted during the year to be exercised at ₹133/-:

Name	Designation	Details
Mr. Jaiashokan Velusamy	Sr. Director, R&D- GPI	20,000
Mr. Desireddy Mallikarjuna Reddy	Sr. Vice President - GPI	20,000
Mr. Gangasani Harinath Reddy	Vice President - GPI	20,000
Mr. Kapur Nivaran	President – GUSA	20,000
Mr. Rajesh Kumar Rapolu	AGM- API R&D	13,300
Mr. Rama Seshaiah Kanuparthy	AGM- AR&D	13,300
Mr. Thrilok Kumar Peela	AGM- Process Engineering	13,300
Mr. Goverdhan Gilla	DGM-API R&D	13,300
Ms. Chaitanya Tummala	Company Secretary	13,300
Mr. Sumanta Bajpayee	AGM-Investor Relations	13,300
Mr. Kishan Chand Gutta	AGM-Procurement	13,300
Mr. Nanduri Venkata Chalam	G M, Quality	13,300
Mr. Manchiganti Muralidhar	G M, SLT	13,300

(iii) Identified employees who were granted 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. — Not Applicable

(l)	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 – Earning per share.	₹ 6.49 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 that shall have been recognized if it had used the fair value of the options.	Not Applicable
(n)	Weighted-average exercise price, whose exercise price either equals or exceeds or is less than the market price of the stock	₹ 24.01/- per share
(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 29 of Standalone financial statements.

As stock options for further grant under ESOS 2009 are not available, Employee Stock Option Scheme 2017 was formulated and approved by your Board in the meeting held on 11th May 2017, subject to approval of the members in the 26th Annual General meeting of the Company.

Auditors & Their Report:

Statutory Auditors

Pursuant to the provisions of Sections 139, 141 & 142 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereon, M/s. Kumar & Giri, Chartered Accountants, Hyderabad was re-appointed for three years in the 23rd Annual General meeting subject to ratification at every Annual General meeting. M/s. Kumar & Giri, Chartered Accountants, have completed their tenure including the transitional period allowed by the Act. Thus the Company needs to appoint new Statutory Auditor. The Company has received a certificate from M/s. B.S.R. & Associates LLP, Firm of Chartered Accountants registered vide Firm Registration No. 116231W/W-100024, to the effect that their appointment if made, would be in accordance with the conditions as specified under Section 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014. The Directors recommend for appointment of M/s. B.S.R. & Associates LLP, Firm of Chartered Accountants as Statutory Auditors for a term of five years commencing from the conclusion of 26th Annual General Meeting till the conclusion of the 31st Annual General Meeting of the Company, subject to ratification of such appointment at every Annual General Meeting. A resolution proposing appointment of M/s. B.S.R. & Associates LLP, Firm of Chartered Accountants as the Statutory Auditors of the Company for a term of five years pursuant to section 139 of the Companies Act, 2013 forms part of the Notice.

Audit Report

Comments of the Auditors in their report and the notes forming part of the accounts are self-explanatory and need no comments. However, the Auditors have not made any adverse qualifications or comments in their report on the accounts of the Company for the year under review which requires explanation by the Board of Directors.

Secretarial Auditor

The Board has appointed M/s. Saurabh Poddar & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith marked as Annexure III to the Board's Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark which requires explanation by the Board of Directors.

Contracts and Arrangements with Related Parties:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, except with the wholly owned subsidiary, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on 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 the link: www.granulesindia.com.

The particulars of contracts or arrangements 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 enclosed as Annexure IV to the Board's Report.

Disclosures:

Audit Committee

The Audit Committee comprises majority Independent Directors namely Mr. C. Parthasarathy (Chairman), Mr. L.S. Sarma, Mr. A.P. Kurian, Mr. A. Arun Rao and Mr. Krishna Prasad Chigurupati as other members. All the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism

The Company has a Vigil mechanism and Whistle blower policy in terms of the Listing Regulations, under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. Protected disclosures can be made by a whistle blower through a dedicated e-mail, or a letter to the Chairman of the Audit Committee.

The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link:www.granulesindia.com

Meetings of the Board

Six (6) meetings of the Board of Directors were held during the year under review. The details of the Board Meetings with regard to their dates and attendance of each of the Directors thereat have been provided in the Corporate Governance Report.

Code of Conduct

A declaration regarding compliance with the code of conduct signed by the Company's Chairman and Managing Director is published in the Corporate Governance Report which forms part of the annual report.

Particulars of Loans given, Investments made, Guarantees given and Securities provided

Particulars of loans given, investments made, guarantees given and securities provided are provided in the standalone financial statement (Please refer to Note No.4A, 4B and 28C to the standalone financial statement).

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in Annexure V to the Board's Report.

Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith as Annexure VI to the Board's Report.

Particulars of Employees and related disclosures

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 in excess of the limits set out in the said rules forms part of this Report.

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 also forms part of this Report.

However, having regard to the provisions of 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 at the registered office of the Company during working hours for a period of 21 days before the date of ensuing Annual General Meeting and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. This information is available on the Company's website link: www.granulesindia.com

Your Directors further state that, the remuneration paid to the Key managerial Personnel and others is as per the Remuneration Policy of the Company.

Remuneration from Subsidiaries

During the year under review, Mr. Krishna Prasad Chigurupati, Chairman and Managing Director of the Company has received remuneration of $184,615.44 from Granules Pharmaceuticals Inc., wholly owned subsidiary of the Company.

Policy on Sexual Harassment

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".

During the year under review, the Company has not received any complaints pertaining to Sexual Harassment.

General:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. Cost Audit is not applicable for the financial year 2016-17.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Appreciations and Acknowledgements:

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. Your Directors wish hereby to place on record their appreciation of the services rendered by the employees, without whose whole-hearted efforts, the overall satisfactory performance would not have been possible.

Your Directors look forward to the long term future with confidence

On behalf of the Board of Directors

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN: 00020180

Hyderabad,
July 5, 2017

Annexure I to the Board's Report

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2016-17 as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014.

1	A brief outline of the Company's CSR Policy and a reference to the web-link to the CSR Policy and the composition of CSR Committee.	Refer Section: Corporate Social Responsibility in this Report for the composition of the Committee. CSR Policy can be accessed at the link www.granulesindia.com
2	Average profit of the Company for last three financial years.	₹ 13,615.91 lakhs
3	Prescribed CSR expenditure (two percent of the amount mentioned in item 2 above)	₹ 272.32 lakhs
4	Details of CSR spent during the financial year:	
	Total amount to be spent for the financial year	₹ 272.32 lakhs
	Amount unspent, if any, and reasons for not spending	Not Applicable
	Manner in which the amount spent during the financial year	Details given below

Details of amount spent on CSR activities during the financial year 2016-17:

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects of programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads		Cumulative expenditure up to the reporting period	Amount spent: Direct or through Implementing Agency
					(1) Direct expenditure on projects or programs	(2) Overheads		
1	Skill development activity	Cl.(ii) livelihood enhancement projects	Telangana, Ranga Reddy District	₹ 200.00 lakhs	₹ 200.00 lakhs	-	₹ 200.00 lakhs	Implementing Agency - Swarna Bharat Trust
2	Promoting Preventive Health Care	Cl.(i) promoting preventive health care	Andhra Pradesh, Guntur	₹ 35.00 lakhs	₹ 35.00 lakhs	-	₹ 35.00 lakhs	Implementing Agency - Sahrudaya Health, Medical and Educational Trust
3	Promoting Education to under privileged	Cl.(ii) Promoting Education	Telangana, Ranga Reddy District	₹ 20.00 Lakhs	₹ 20.00 lakhs	-	₹ 20.00 lakhs	Implementing Agency - Jasti Venkataiah Memorial Rural Development Trust
4	Promoting Preventive Health Care	Cl.(i) promoting preventive health care	Telangana, Ranga Reddy District	₹ 50.00 lakhs	₹ 21.16 lakhs	-	₹ 21.16 lakhs	Direct

RESPONSIBILITY STATEMENT

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

Krishna Prasad Chigurupati
Chairman and Managing Director
May 11, 2017

Uma Devi Chigurupati
Chairperson, CSR Committee
May 11, 2017

Annexure II to the Board's Report

Auditors' Certificate

To
The Members of
Granules India Limited
02nd Floor, 03rd Block,
My Home Hub, Madhapur,
Hyderabad (TS)

We have examined the compliance of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 by Granules India Limited, for the year ended on March 31, 2017.

Our examination was limited to the implementation of the Granules India Employee Stock Option Scheme 2009 by the Company for ensuring the compliance of the said regulations.

In our opinion and to the best of the information and according to the explanations given to us, we certify that the said scheme has been implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and in accordance with the resolution of the Company in the Annual General Meeting held on September 25, 2009.

For **M/s. Kumar & Giri**
Chartered Accountants
FRN: 001584S

J. Bhadra Kumar
Partner
Membership No.25480

Place: Hyderabad
Date: May 11, 2017

Annexure III to the Board's Report

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended March 31, 2017

[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

I, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Granules India Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/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 secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2017 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 herein after:

I, have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Granules India Limited ("the Company") for the financial year ended on 31st March 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(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;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(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 client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(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 the Company has complied with the following laws applicable specifically to the Company:

1. Drugs and Cosmetics Act, 1940 and Rules made there under; and
2. Drugs Price Control Order, 2013 and notifications made there under.
3. Trade Unions Act, 1926.

4. Industrial Employment Standing Order Act, 1946.
5. Industrial Disputes Act, 1947.
6. Payment of Wages Act, 1936.
7. Minimum Wages Act, 1948.
8. Payment of Bonus Act, 1965.
9. Factories Act, 1948.
10. Contract Labour (Regulation & Abolition) Act, 1970.
11. Dangerous Machines (Regulation) Act, 1983.
12. Industrial Employment (Standing Orders) Act, 1946.
13. Private Security Agencies (Regulation) Act, 2005.
14. Maternity Benefit Act, 1961.
15. Equal Remuneration Act, 1976.
16. Child Labour (Prohibition & Regulation) Act, 1986.
17. Workmen's Compensation Act, 1923.
18. Employees' State Insurance Act, 1948.
19. Employees' Provident Fund & Miscellaneous Provisions Act, 1952.
20. Payment of Gratuity Act, 1972.
21. Fatal Accidents Act, 1855.
22. Unorganized Workers' Social Security Act, 2008.
23. The Weekly Holidays Act, 1942.
24. Shop & Establishments Act,
25. Information Technology Act, 2000.
26. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
27. The Standards of Weight & Measurement Act, 1985.

I, have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards 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 proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Dr. V.V.N.K.V. Prasada Raju was appointed as Additional Director (Executive) , except that there is no other change in the composition of the Board of Directors.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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.

Majority decision is carried through while the dissenting member's views are captured and recorded if any as part of the minutes.

I, further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I, further report that during the audit period

(i) The company has issued 1,86,56,000 warrants of ₹ 95.30/- each on 7th September 2015 to be converted into equal number of equity shares of face value of ₹1/- each, out of which 72,55,000 warrants were converted into equity shares on 30th March 2016 and the balance 39,17,454 warrants were converted into equity shares on 28th December 2016 and 74,83,542 warrants were converted into equity shares on 23rd February 2017.

(ii) The company has allotted 5,90,000 shares of ₹1/- each upon exercise of stock options granted to employees and director.

(iii) The Company has amalgamated with M/s. GIL Life Sciences Private Limited vide order of The High Court of Judicature at Hyderabad for the state of Telangana and the state of Andhra Pradesh dated 1st September 2016 .

For **Saurabh Poddar & Associates**

Saurabh Poddar
FCS No. 9190
C P No. 10787

Place: Hyderabad
Date: May 11, 2017

Annexure IV to the Board's Report

Disclosure of particulars of Contracts/Arrangements entered into by the Company

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)

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 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 at 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 relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts or arrangements or transaction including the value, if any:	Salient terms of the contracts or arrangements or transaction including the value, if any:	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 2016-17	₹ 33439.48 lakhs	28.04.2016	NIL	The transaction is at arm's length price
2	Granules –Biocause Pharmaceutical Co. Ltd. (Joint Venture)	Purchase of goods	FY 2016-17	₹ 5,619.73 lakhs	28.04.2016	NIL	The transaction is at arm's length price

On behalf of the Board of Directors

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN: 00020180.

Hyderabad, July 5, 2017

Annexure V to the Board's Report

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

FORM A – PARTICULARS OF CONSERVATION OF ENERGY

A. Power and Fuel Consumption

(₹ in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
1. Electricity		
Unit (KWH)	3,73,97,171	3,56,52,058
Total amount (₹ in Lakhs)	2,621.77	2,395.84
Rate/Unit (₹)	7.01	6.72
Rate/Kg of production (₹)	7.37	6.73
2. Own generation from diesel generator		
Unit (KWH)	13,20,126	11,26,736
Total amount (₹ in Lakhs)	279.54	232.41
Rate/unit (₹)	21.18	20.63
Unit/kg of production	0.04	0.03
Rate/kg of production (₹)	0.79	0.65
3. Coal		
Quantity (MT)	16,056.02	16,107.13
Total cost (₹ in Lakhs)	929.75	866.52
Rate/MT (₹)	5,790.67	5,379.70
Rate/kg of production (₹)	2.61	2.43
4. Furnace oil, LSHS and LD oil		
Quantity (K. Ltrs.)	63.58	6.43
Total cost (₹ in Lakhs)	22.51	2.37
Average/K. ltrs. (₹)	35.40	36.81
Rate/kg of production (₹)	0.06	0.01

B. Consumption per unit of production

Particulars	Standards	Current year	Previous year
Products (with details) unit Electricity Furnace oil Coal	Since the Company manufactures a wide range of bulk drugs, granulations and different combinations of finished dosages, it is not practicable to give consumption per unit of production.		

Form B – Particulars of Absorption

Research & Development:

At Granules, research and development (R&D) is the manifestation of our belief in innovation and quality that fuels our business aspirations. Our R&D strategy is centered on improving the speed and operational excellence to bring affordable and quality medicines in the market.

Our R&D capabilities are aligned to our business strategy of "Integrated play". In line with this, we are continuously focusing on exploring the options to develop and supply our products at affordable cost.

We are enhancing our capabilities in research and development by creating niche & differentiated products. Consistent innovation helps us create better value for our customers. Our strong focus on research is reflected in our R&D labs with 140+ qualified scientists.

Specific areas in which R&D work was carried out by the company:

- Currently R&D is focusing on developing and filing generic products for regulated markets in OTC & products with intrinsic challenges in Rx space.
- In formulation space the focus during the year was on difficult to develop and niche products in Solid orals with critical bio studies.
- In the API space, focus continued to be on developing commercially competitive, intellectual property compliant, robust and eco-friendly technologies with appropriate polymorph selection of APIs which are eligible for generic launch through innovative R&D approach.
- Further, product development has been initiated in new segment of specialty products in Oncology space. A few APIs have been identified and development work is on-going.
- Benign technologies & Unparalled efficiencies being continued to be a core area that is being worked upon, for the existing basket of products.

Accomplishments:

During the year of focus we have developed & filed few products to secure early launch opportunities and this franchise may bring us significant business growth and long-term opportunity. We reinforce our manufacturing excellence through proactive investments in R&D.

Regulatory filings of 5 API's and 3 ANDAs have been completed during this year.

Future plan of Action:

The Company is focusing on differentiated products in Controlled drugs, Controlled release & Pellets basket. The product portfolio includes a pragmatic mix to balance the strategic goals. The pipeline is designed to address key therapies with niche opportunities & variable complexities.

Expenditure incurred on Research and Development

(₹ in Lakhs)

Particulars	FY 2016-17	FY 2015-16
Capital	115.02	275.02
Revenue	2498.35	1531.11
Total	**2,613.37**	**1806.13**

FORM C – TOTAL FOREIGN EXCHANGE EARNED AND USED

(₹ in Lakhs)

Particulars	FY 2016-17	FY 2015-16
Foreign Exchange Earnings	99263.72	1,01,189.69
Foreign Exchange Outgo	44,384.15	44,995.56

On behalf of the Board of Directors

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN: 00020180

Hyderabad, July 5, 2017

Annexure VI to the Board's Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

i.	CIN	L24110TG1991PLC012471
ii.	Registration Date	18th March 1991
iii.	Name of the Company	Granules India Limited
iv.	Category/Sub-category of the Company	Company Limited by shares/Public non-government company
v.	Address of the Registered office & contact details	2nd Floor, 03rd Block, My Home Hub, Madhapur, Hyderabad (TS) 500 081. Ph: +91-40-30660000 Fax: +91-40-23115145 E-mail: mail@granueslindia.com URL: www.granulesindia.com
vi.	Whether listed company	YES /~~NO~~
vii.	Name, Address & contact de-tails of the Registrar & Trans-fer Agent, if any.	Karvy Computershare Pvt. Ltd Unit: Granules India Limited, Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telangana State (TS) – India Tel:+91 040 67161500, Toll Free No:1-800-3454-001 Fax: +91 40 23001153 Email :- einward.ris@karvy.com www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Pharmaceutical Products	21002	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN	Holding/Subsidiary / Associate	% of Shares Held	Applicable Section
1	Granules OmniChem Private Limited	U24233TG2011PTC076274	Associate	50%	2(6)
2	Granules-Biocause Pharmaceutical Co. Ltd	Not Applicable	Associate	50%	2(6)
3	Granules USA, Inc.	Not Applicable	Subsidiary	100%	2(87)(ii)
4	Granules Pharmaceuticals. Inc,	Not Applicable	Subsidiary	100%	2(87)(ii)
5	Granules Europe Limited	Not Applicable	Subsidiary	100%	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter and Promoter Group									
(1) Indian									
a) Individual/ HUF	90882886	0	90882886	41.94	83340328	0	83340328	36.44	(5.50)
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	14746270	0	14746270	6.80	33698270	0	33698270	14.73	7.93
e) Banks / FI									
f) Any other									
Sub-Total A(1)	**105629156**	**0**	**105629156**	**48.74**	**117038598**	**0**	**117038598**	**51.17**	**2.43**
(2) Foreign									
a) Individuals (NRIs/Foreign Individuals)	5210957	0	5210957	2.40	5212407	0	5212407	2.28	(0.12)
b) Bodies Corporate									
c) Others									
Sub-Total A(2)	**52109570**	**0**	**5210957**	**2.40**	**5212407**	**0**	**5212407**	**2.28**	**(0.12)**
Total shareholding of Promoter & Promoter Group (A)	**110840113**	**0**	**110840113**	**51.15**	**122251005**	**0**	**122251005**	**53.45**	**2.31**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	2127235	0	2127235	0.98	3155485	0	3155485	1.38	0.40
b) Banks / FI	469352	0	469352	0.22	279087	0	279087	0.12	(0.10)
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	13857569	0	13857569	6.39	22814010	0	22814010	9.98	3.59
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	**16454156**	**0**	**16454156**	**7.59**	**26248582**	**0**	**26248582**	**11.48**	**3.89**
2. Non-Institutions									
a) Bodies Corp.	9730123	0	9730123	4.49	9380968	0	9380968	4.10	(0.39)
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	60180930	889890	61070820	28.18	49477313	492590	49969903	21.85	(6.33)
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	11817715	0	11817715	5.45	14869517	185000	15054517	6.58	1.13
c) Others (specify) NBFCs Register With RBI	23030	0	23030	0.01	287720	0	287720	0.13	0.12
i) Non Resident Indians	4449456	0	4449456	2.05	3546221	0	3546221	1.55	(0.99)
ii) Non Resident Indians Non-Repatriation	1049613	0	1049613	0.48	787226	0	787226	0.34	0.34
iii) Overseas Corporate Bodies									
iv) Foreign Nationals									
v) Clearing Members	1228696	0	1228696	0.57	1119890	0	1119890	0.49	(0.08)
vi) Trusts	48048	0	48048	0.02	56738	0	56738	0.02	0.00
vii) Foreign Bodies	0	0	0	0	0	0	0	0	
Sub-total (B)(2):-	**88527611**	**889890**	**89417501**	**41.26**	**79525593**	**677590**	**80203183**	**35.07**	**(6.19)**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**104981767**	**889890**	**105871657**	**48.85**	**105774175**	**677590**	**106451765**	**46.55**	**(2.30)**
C. Shares held by Custodian for GDRs & ADRs	0	0	0		0	0	0	0	0
Grand Total (A+B+C)	**215821880**	**889890**	**216711770**	**100.00**	**228025180**	**677590**	**228702770**	**100**	

ii) Shareholding of Promoter and Promoter group

Sl. No.	Shareholder's Name	Shareholding at the end of the year March 31, 2016			Shareholding at the end of the year March 31, 2017			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / en-cumbered to total shares	
Shareholding of Promoter								
1	Krishna Prasad Chigurupati	79230610	36.56	8.96	71679610	31.34	100.00	(5.22)
Shareholding of Promoter group								
2	Uma Devi Chigurupati	7580000	3.50	100.00	7580000	3.31	100.00	(0.19)
3	Pragnya Chigurupati	1959520	0.90	99.98	1964320	0.86	0.00	(0.04)
4	Priyanka Chigurupati	1946756	0.90	99.97	1950398	0.85	0.00	(0.05)
5	Harsha Chigurupati	2277660	1.05	Nil	2277660	1.00	0.00	(0.05)
6	Suseela Devi Chigurupati	166000	0.09	Nil	166000	0.07	0.00	(0.02)
7	Santhi Sree Ramanavarapu	917200	0.42	Nil	917200	0.40	0.00	(0.02)
8	Sampath Kumar Ramanavarapu	110600	0.05	Nil	110600	0.05	0.00	Nil
9	Vijay Ramanavarapu	1453393	0.67	Nil	1453393	0.64	0.00	(0.03)
10	Vidya Ramanavarapu	422604	0.20	Nil	424054	0.19	0.00	(0.01)
11	Triton Securities Private Limited	6829270	3.15	100.00	6829270	2.99	0.00	(0.16)
12	Tyche Technologies Private Limited	7917000	3.65	Nil	26869000	11.75	60.26	8.1
13	Yedaguri Nikhila Reddy	29500	0.01	Nil	29500	0.01	0.00	Nil
	Total	**110840113**	**51.15**		**122251005**	**53.45**		

iii) Change in Promoter and Promoter group Shareholding

Sl. No.	Particular	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
	At the beginning of the Year on 01.04.2016	**110840113**	**51.15**				No. of Shares	% of total shares of the Company
				23.05.2016	600	Purchase	110840713	51.14
				01.09.2016	542	Purchase	110841255	51.08
				28.12.2016	3917454	Conversion of Warrants	114758709	51.87
				10.01.2017	4800	Purchase	114763509	51.88
				10.01.2017	2500	Purchase	114766009	51.88
				10.01.2017	1450	Purchase	114767459	51.88
				16.02.2017	(7551000)	Inter-Se Transfer	107216459	48.47
				16.02.2017	7551000	Inter-Se Transfer	114767459	51.88
				23.02.2017	7483546	Conversion of Warrants	122251005	53.45
	At the end of the year						**122251005**	**53.45**

iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Kolli Devikarani	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
1	At the beginning of the Year	1531070	0.71					
At the end of the year (or on the date of separation, if separated during the year)							**1531070**	**0.67**

Sl. No.	Kotak Equity Arbitrage Fund	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
2	At the beginning of the Year	100000	0.05					
				29.04.2016	80000	Purchase	180000	0.09
				06.05.2016	115000	Purchase	295000	0.14
				13.05.2016	55000	Purchase	350000	0.16
				27.05.2016	190000	Purchase	540000	0.25
				03.06.2016	5000	Purchase	545000	0.25
				24.06.2016	85000	Purchase	630000	0.29
				15.07.2016	125000	Purchase	755000	0.35
				22.07.2016	35000	Purchase	790000	0.36
				29.07.2016	10000	Purchase	800000	0.37
				05.08.2016	80000	Purchase	880000	0.41
				19.08.2016	35000	Purchase	915000	0.42
				02.09.2016	25000	Purchase	940000	0.43
				23.09.2016	45000	Purchase	985000	0.45
				28.10.2016	15000	Purchase	1000000	0.46
				11.11.2016	(5000)	Sale	995000	0.46
				18.11.2016	(10000)	Sale	985000	0.45
				09.12.2016	(100000)	Sale	885000	0.41
				16.12.2016	10000	Purchase	895000	0.41
				23.12.2016	15000	Purchase	910000	0.42
				31.03.2017	(10000)	Sale	900000	0.39
At the end of the year (or on the date of separation, if separated during the year)							**900000**	**0.39**

Sl. No.	India first Life Insurance Company Ltd	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
3	At the beginning of the Year	Nil	Nil					
				16.09.2016	735150	Purchase	735150	0.34
				23.09.2016	415300	Purchase	1150450	0.53
				21.10.2016	4100	Purchase	1154550	0.53
				04.11.2016	37336	Purchase	1191886	0.55
				11.11.2016	131	Purchase	1192017	0.55
				18.11.2016	53	Purchase	1192070	0.55
				25.11.2016	136	Purchase	1192206	0.55
				02.12.2016	80	Purchase	1192286	0.55
				16.12.2016	33	Purchase	1192319	0.55
				23.12.2016	53	Purchase	1192372	0.55
				30.12.2016	19	Purchase	1192391	0.55
				06.01.2017	71	Purchase	1192462	0.55
				13.01.2017	254	Purchase	1192716	0.55
				20.01.2017	286280	Purchase	1478996	0.67
				27.01.2017	4013	Purchase	1483009	0.67
				03.02.2017	1867	Purchase	1484876	0.67
				10.02.2017	133900	Purchase	1618776	0.73
				17.02.2017	237	Purchase	1619013	0.73
				10.03.2017	46000	Purchase	1665013	0.73
				17.03.2017	187	Purchase	1665200	0.73
At the end of the year (or on the date of separation, if separated during the year)							**1665200**	**0.73**

Sl. No.	Morgan Stanley Mauritius Company Limited	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
4	At the beginning of the Year	Nil	Nil					
				03.06.2016	5000	Purchase	10000	0.00
				08.07.2016	20000	Purchase	30000	0.01
				15.07.2016	136741	Purchase	166741	0.08
				22.07.2016	713606	Purchase	880347	0.41
				29.07.2016	780000	Purchase	1660347	0.77
				05.08.2016	145000	Purchase	1805347	0.83
				12.08.2016	210000	Purchase	2015347	0.93
				19.08.2016	119581	Purchase	2134928	0.99
				26.08.2016	(975707)	Sale	1159221	0.53
				02.09.2016	5000	Purchase	1164221	0.54
				09.09.2016	(11649)	Sale	1152572	0.53
				16.09.2016	372645	Purchase	1525217	0.70
				23.09.2016	133433	Purchase	1658650	0.76
				30.09.2016	(320479)	Sale	1338171	0.62
				07.10.2016	(20000)	Sale	1318171	0.61
				14.10.2016	(10000)	Sale	1308171	0.60
				21.10.2016	85000	Purchase	1393171	0.64
				28.10.2016	260000	Purchase	1653171	0.76
				04.11.2016	10010	Purchase	1663181	0.77
				11.11.2016	(460000)	Sale	1203181	0.55
				18.11.2016	(325100)	Sale	878081	0.40
				25.11.2016	(515000)	Sale	363081	0.17
				02.12.2016	(15000)	Sale	348081	0.16
				09.12.2016	(60000)	Sale	288081	0.13
				16.12.2016	(59332)	Sale	228749	0.11
				23.12.2016	26094	Purchase	254843	0.12
				30.12.2016	(225000)	Sale	29843	0.01
				13.01.2017	35000	Purchase	64843	0.03
				20.01.2017	90000	Purchase	154843	0.07
				03.02.2017	265000	Purchase	419843	0.19
				10.02.2017	345000	Purchase	764843	0.35
				17.02.2017	335000	Purchase	1099843	0.50
				24.02.2017	451013	Purchase	1550856	0.70
				03.03.2017	(699196)	Sale	851660	0.37
				10.03.2017	90000	Purchase	941660	0.41
				17.03.2017	46367	Purchase	988027	0.43
				24.03.2017	213986	Purchase	1202013	0.53
				31.03.2017	(310000)	Sale	892013	0.39
At the end of the year (or on the date of separation, if separated during the year)							892013	0.39

Sl. No.	Government Pension Fund Global	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
5	At the beginning of the Year	3399368	1.57					
				17.06.2016	(594780)	Sale	2804588	1.29
				24.06.2017	(102826)	Sale	2701762	1.25
				22.07.2016	(657686)	Sale	2044076	0.94
				29.07.2016	(572014)	Sale	1472062	0.68
				05.08.2016	(96367)	Sale	1375695	0.63
				19.08.2016	(451776)	Sale	923919	0.43
				26.08.2016	(535347)	Sale	388572	0.18
				09.09.2016	(388572)	Sale	Nil	0.00
				20.01.2017	1219773	Purchase	1219773	0.55
				27.01.2017	935243	Purchase	2155016	0.97
				03.02.2017	510000	Purchase	2665016	1.20
				10.02.2017	220692	Purchase	2885708	1.30
				03.03.2017	508200	Purchase	3393908	1.48
At the end of the year (or on the date of separation, if separated during the year)							**3393908**	**1.48**

Sl. No.	EM Resurgent Fund	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
6	At the beginning of the Year	1682950	0.78					
At the end of the year (or on the date of separation, if separated during the year)							**1682950**	**0.74**

Sl. No.	Swiss Finance Corporation (Mauritius) Limited	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
7	At the beginning of the Year	1035000	0.48					
				08.04.2016	1,00,000	Purchase	1135000	0.54
				15.04.2016	20,000	Purchase	1155000	0.55
				22.04.2016	25,000	Purchase	1180000	0.56
				29.04.2016	1,70,000	Purchase	1350000	0.64
				06.05.2016	1,20,000	Purchase	1470000	0.68
				13.05.2016	5,000	Purchase	1475000	0.68
				03.06.2016	10,000	Purchase	1485000	0.69
				10.06.2016	95,000	Purchase	1580000	0.73
				17.06.2016	1,45,033	Purchase	1725033	0.80
				24.06.2016	95,000	Purchase	1820033	0.84
				30.06.2016	25,000	Purchase	1845033	0.85
				15.07.2016	10,000	Purchase	1855033	0.85
				05.08.2016	46,812	Purchase	1901845	0.88
				02.09.2016	65,000	Purchase	1966845	0.91
				09.09.2016	1,40,000	Purchase	2106845	0.97
				16.09.2016	6,25,000	Purchase	2731845	1.26
				23.09.2016	60,000	Purchase	2791845	1.29
				28.10.2016	40,000	Purchase	2831845	1.30
				11.04.2016	10,000	Purchase	2841845	1.31
				11.11.2016	(222798)	Sale	2619047	1.21
				18.11.2016	(95000)	Sale	2524047	1.61
				25.11.2016	(165000)	Sale	2359047	1.09
				02.12.2016	5000	Purchase	2364047	1.09
				09.12.2016	(55000)	Sale	2309047	1.06
				16.12.2016	(30000)	Sale	2279047	1.05
				13.01.2017	30000	Purchase	2309047	1.06
				20.01.2017	(22202)	Sale	2286845	1.03
				03.02.2017	(15000)	Sale	2271845	1.03
				10.02.2017	300000	Purchase	2571845	1.16
				17.02.2017	200150	Purchase	2771995	1.25
				24.02.2017	240000	Purchase	3011995	1.36
				03.03.2017	165097	Purchase	3177092	1.39
At the end of the year (or on the date of separation, if separated during the year)							3177092	1.39

Sl. No.	Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
8	At the beginning of the Year	1011269	0.47					
				20.05.2016	13062	Purchase	1024331	0.47
				10.06.2016	32429	Purchase	1056760	0.49
				17.06.2016	78045	Purchase	1134805	0.52
				24.06.2016	10420	Purchase	1145225	0.53
At the end of the year (or on the date of separation, if separated during the year)							1145225	0.50

Sl. No.	Societe Generale	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
9	At the beginning of the Year	820000	0.38					
				22.04.2016	80000	Purchase	900000	0.43
				06.05.2016	35000	Purchase	935000	0.43
				10.06.2016	5000	Purchase	940000	0.43
				17.06.2016	150000	Purchase	1090000	0.50
				24.06.2016	115000	Purchase	1205000	0.56
				30.06.2016	20000	Purchase	1225000	0.56
				08.07.2016	25000	Purchase	1250000	0.58
				05.08.2016	25000	Purchase	1275000	0.59
				12.08.2016	30000	Purchase	1305000	0.60
				19.08.2016	75000	Purchase	1380000	0.64
				26.08.2016	10000	Purchase	1390000	0.64
				02.09.2016	70000	Purchase	1460000	0.67
				16.09.2016	460000	Purchase	1920000	0.88
				23.09.2016	115000	Purchase	2035000	0.94
				07.10.2016	(30000)	Sale	2005000	0.92
				14.10.2016	(10000)	Sale	1995000	0.92
				04.11.2016	90000	Purchase	2085000	0.96
				11.11.2016	(450000)	Sale	1635000	0.75
				18.11.2016	(65000)	Sale	1570000	0.72
				25.11.2016	(110000)	Sale	1460000	0.67
				02.12.2016	30000	Purchase	1490000	0.69
				09.12.2016	(125000)	Sale	1365000	0.63
				16.12.2016	(10000)	Sale	1355000	0.62
				23.12.2016	(5000)	Sale	1350000	0.62
				30.12.2016	(50000)	Sale	1300000	0.60
				06.01.2017	(85000)	Sale	1215000	0.56
				13.01.2017	(235000)	Sale	980000	0.45
				20.01.2017	(5000)	Sale	975000	0.44
				03.02.2017	(10000)	Sale	965000	0.44
				10.02.2017	135000	Purchase	1100000	0.50
				17.02.2017	25000	Purchase	1125000	0.51
				10.03.2017	40000	Purchase	1165000	0.51
				24.03.2017	10000	Purchase	1175000	0.51
At the end of the year (or on the date of separation, if separated during the year)							**1175000**	**0.51**

Sl. No.	Macquarie Emerging Markets Asian Trading Pte. Ltd.	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
10	At the beginning of the Year	478512	0.23					
				08.04.2016	235443	Purchase	713955	0.34
				15.04.2016	(35000)	Sale	678955	0.32
				22.04.2016	74897	Purchase	753852	0.36
				29.04.2016	66000	Purchase	819852	0.39
				06.05.2016	230000	Purchase	1049852	0.48
				13.05.2016	385000	Purchase	1434852	0.66
				20.05.2016	175000	Purchase	1609852	0.74
				27.05.2016	(321362)	Sale	1288490	0.59
				03.06.2016	20000	Purchase	1308490	0.60
				10.06.2016	110000	Purchase	1418490	0.65
				17.06.2016	189920	Purchase	1608410	0.74
				24.06.2016	(119259)	Sale	1489151	0.69
				30.06.2016	470000	Purchase	1959151	0.90
				01.07.2016	30000	Purchase	1989151	0.92
				08.07.2016	222061	Purchase	2211212	1.02
				15.07.2016	29592	Purchase	2240804	1.03
				22.07.2016	35000	Purchase	2275804	1.05
				29.07.2016	(45000)	Sale	2230804	1.03
				05.08.2016	(5000)	Sale	2225804	1.03
				12.08.2016	(310797)	Sale	1915007	0.88
				19.08.2016	104900	Purchase	2019907	0.93
				26.08.2016	(225000)	Sale	1794907	0.83
				02.09.2016	170000	Purchase	1964907	0.91
				09.09.2016	295000	Purchase	2259907	1.04
				16.09.2016	40000	Purchase	2299907	1.06
				23.09.2016	(5000)	Sale	2294907	1.06
				30.09.2016	(110000)	Sale	2184907	1.01
				07.10.2016	(590000)	Sale	1594907	0.73
				14.10.2016	(30000)	Sale	1564907	0.72
				21.10.2016	205000	Purchase	1769907	0.82
				28.10.2016	340000	Purchase	2109907	0.97
				04.11.2016	(275986)	Sale	1833921	0.84
				11.11.2016	(1624401)	Sale	209520	0.10
				11.18.2016	(192107)	Sale	17413	0.01
				25.11.2016	5000	Purchase	22413	0.01
				02.12.2016	129996	Purchase	152409	0.07
				09.12.2016	(145000)	Sale	7409	0.00
				16.12.2016	65000	Purchase	72409	0.03
				23.12.2016	125000	Purchase	197409	0.09
				30.12.2016	(40000)	Sale	157409	0.07
				06.01.2017	(50000)	Sale	107409	0.05
				13.01.2017	195000	Purchase	302409	0.14
				20.01.2017	110000	Purchase	412409	0.19
				03.02.2017	(75000)	Sale	337409	0.15
				10.02.2017	662588	Purchase	999997	0.45
				17.02.2017	200000	Purchase	1199997	0.54
				24.02.2017	290600	Purchase	1490597	0.67
				03.03.2017	11410	Purchase	1502007	0.66
				10.03.2017	62001	Purchase	1564008	0.68
				17.03.2017	42577	Purchase	1606585	0.70
				31.03.2017	81799	Purchase	1688384	0.74
At the end of the year (or on the date of separation, if separated during the year)							**1688384**	**0.74**

Sl. No.	Mondrian Emerging Markets Small Cap Equity Fund	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
11	At the beginning of the Year	NIl	NIL					
				24.03.2017	577582	Purchase	577582	0.25
				31.03.2017	696652	Purchase	1274234	0.56
At the end of the year (or on the date of separation, if separated during the year)							1274234	0.56

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Krishna Prasad Chigurupati	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
1	At the beginning of the Year	79230610	36.56					
				16.02.2017	(7551000)	Inter-se Transfer	71679610	31.34
At the end of the year							71679610	31.34

Sl. No.	Uma Devi Chigurupati	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
2	At the beginning of the Year	7580000	3.50		No change during the year			
At the end of the year							7580000	3.31

Sl. No.	V V N K V Prasada Raju	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
3	At the beginning of the Year	100000	0.05					
				09.06.2016	100000	Allotment under ESOP	200000	0.10
				15.11.2016	(29000)	Sale	171000	0.08
				08.02.2017	(71000)	Sale	100000	0.05
At the end of the year							100000	0.04

Non-Executive Directors

Sl. No.	Harsha Chigurupati	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
1	At the beginning of the Year	2277660	1.05		No Change during the year			
At the end of the year							2277660	1.00

Sl. No.	L. S. Sarma	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
2	At the beginning of the Year	160000	0.07		No change during the year			
At the end of the year							160000	0.07

Sl. No.	A. P. Kurian	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
3	At the beginning of the Year	450000	0.21		No change during the year			
At the end of the year							450000	0.20

Sl. No.	C. Parthasarathy	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
4	At the beginning of the Year	400000	0.18		No change during the year			
At the end of the year							400000	0.17

Sl. No.	A. Arun Rao	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
5	At the beginning of the Year	360000	0.17		No change during the year			
At the end of the year							360000	0.16

Sl. No.	Dr. Krishna Murthy Ella	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
6	At the beginning of the Year	400000	0.18		No Change during the year			
At the end of the year							400000	0.17

Sl. No.	K. B. Sankar Rao	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
7	At the beginning of the Year	3666950	1.69	31.01.2017 to 03.02.2017	(30590)	Sale	3636360	1.64
At the end of the year							3636360	1.59

Key Managerial Personnel

Sl. No.	VVS Murthy	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
1	At the beginning of the Year	200000	0.09					
				09.06.2016	50000	Allotment under ESOP	250000	0.09
				31.08.2016	50000	Allotment under ESOP	300000	0.12
At the end of the year							300000	0.13

Sl. No.	Chaitanya Tummala	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of Shares	% of total shares of the Company
2	At the beginning of the Year	Nil	Nil					
At the end of the year							Nil	Nil

V) Indebtedness - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Lakhs)

	Secured Loans exclud-ing deposits	Unsecured Loans	Deposits	Total Indebted-ness
Indebtedness at the beginning of the financial year				
i) Principal Amount	64,077.24	62.23	-	64,139.47
ii) Interest due but not paid				
iii) Interest accrued but not due	31.98	-	-	31.98
Total (i+ii+iii)	**64,109.22**	**62.23**	**-**	**64,171.45**
Change in Indebtedness during the financial year				
Addition (including forex fluctuation)	7979.13	-	-	7979.13
Reduction	-6461.66	-6.75	-	-6468.41
Net Change	1517.47	-6.75	-	1510.72
Indebtedness at the end of the financial year				
i) Principal Amount	65594.71	55.48	-	65650.19
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	68.23	-	-	68.23
Total (i+ii+iii)	**65,662.94**	**55.48**	**-**	**65,718.42**

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lakhs)

Sl No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Krishna Prasad Chigurupati (Chairman & Managing Director)	Uma Devi Chigurupati (Executive Director)	V.V.N.K.V. Prasada Raju (Executive Director)*	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	180.00	22.82	26.74	229.56
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	27.39		6.96	34.35
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission	929.24	886.49	24.63	1840.36
	- as % of profit				
	- others, specify				
5	Others, please specify				
	Total (A)	**1136.63**	**909.31**	**58.33**	**2104.27**
	Ceiling as per the Act (being 10% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013).				2273.26

*Dr. V.V.N.K.V. Prasada Raju was appointed as whole-Time Director on 4th January 2017 and Remuneration was paid from that date.

B. Remuneration to other directors

(₹ in Lakhs)

Sl No.	Particulars of Remuneration	Name of the Directors					Total Amount
		L. S. Sarma	A. P. Kurian	C. Parthasarathy	A. Arun Rao	Krishna Murthy Ella	
1	Independent Directors						
	Fee for attending Board and com-mittee meetings	9.20	2.50	5.10	11.20	0.80	28.80
	Commission						
	Others, please specify						
	Total (1)	**9.20**	**2.50**	**5.10**	**11.20**	**0.80**	**28.80**
2	Other Non-Executive Directors	**K.B. Sankar Rao**	**Harsha Chigurupati**				
	Fee for attending Board and com-mittee meetings	8.00	2.00				10.00
	Commission						
	Others, please specify						
	Total (2)	**8.00**	**2.00**				**10.00**
	Total (B)=(1+2)						**38.80**
Overall Ceiling as per the Act is ₹ 227.33 lakhs being 1% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013.							
Total Managerial Remuneration*							**2143.07**

* Total remuneration to Managing Director, Whole-Time Directors and other Directors (being the total of A and B).

C. Remuneration to Key Managerial Personnel Other Than MD/MANAGER/WTD

(₹ in Lakhs)

Sl No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	VVS Murthy (CFO)	Chaitanya Tummala (CS)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA	112.57	20.98	133.55
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		0.40	2.14	2.54
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option		103.52		103.52
3	Sweat Equity				
4	Commission				
	- as % of profit				
	others, specify				
5	Others, please specify				
	Total	**NA**	**216.49**	**23.12**	**239.61**

VII. Penalties / Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

On behalf of the Board of Directors

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN: 00020180

Hyderabad, July 5, 2017

Corporate Governance Report

In accordance with regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the report containing the details of Corporate Governance systems and processes at Granules India Limited as follows:

Company's Philosophy on Code of Corporate Governance

Granules India Limited (Granules/Company) ensures adherence and enforcement of the principles of corporate governance with a focus on transparency, professionalism, fairness and accountability. The Company believes that corporate governance has a role to ensure that the Directors of the Company are subject to their duties, obligations, accountability and responsibilities, to act in the best interest of the Company and to remain accountable to the shareholders and other beneficiaries for their corporate actions. The Company also believes that an active, well informed and independent Board is necessary to ensure the highest standard of corporate governance. At Granules, the Board of Directors is at the core of corporate governance and oversees how the management serves and protects the interest of the stakeholders. The Board of Granules is responsible for and committed to the sound principles of corporate governance in the Company. Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company. The Company acknowledges the individual and collective responsibilities to manage the business activities with integrity.

Appropriate Governance Structure with defined roles and responsibilities

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent in the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established six Committees to discharge its responsibilities in an effective and efficient manner. 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 overall implementation of decisions and policies. In the operations and functioning of the Company, the CMD is assisted by the Executive Directors and a core group of senior level executives.

Board Leadership

A majority of the Board, 5 out of 10, are Independent Directors. At Granules, it is believed that an enlightened 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 the goal of sustainability and elevating the Company's value creation.

The Board critically evaluates the Company's strategic direction, management policies and its effectiveness. The agenda for the Board review include a detailed analysis, annual strategic and operating plans, capital allocation and budgets. Additionally, the Board reviews related party transactions, possible risks and risk mitigation measures, financial reports from the CFO. Frequent and detailed interaction sets the agenda and provides the strategic road map 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
- Code of Conduct for Prohibition of Insider Trading
- Whistle Blower Policy and Vigil Mechanism
- Related Party Transactions Policy
- Corporate Social Responsibility Policy
- Performance Evaluation and Remuneration Policy for Directors, Key Managerial Personnel and other Employees
- Policy on Material Subsidiaries
- Policy on disclosure of Material Events/Information
- Dividend Distribution Policy

The Board of Directors

Board Composition and Category of Directors

The Board of Directors of your Company as on the date of this report representing the optimum blend of professionalism, knowledge and experience. The composition of the Board and category of Directors are as follows:

Sl. No.	Name Of The Director	Category
1	Mr. Krishna Prasad Chigurupati Chairman & Managing Director DIN – 00020180	Non-Independent, Executive
2	Mr. L. S. Sarma DIN – 00009530	Independent, Non-Executive
3	Mr. A. P. Kurian DIN – 00008022	Independent, Non-Executive
4	Mr. C. Parthasarathy DIN - 00079232	Independent, Non-Executive
5	Dr. Krishna Murthy Ella DIN – 00072071	Independent, Non-Executive
6	Mr. A. Arun Rao DIN – 00876993	Independent, Non-Executive
7	Mr. Harsha Chigurupati DIN – 01606477	Non-Independent, Non-Executive
8	Mrs. Uma Devi Chigurupati DIN – 00737689	Non-Independent, Executive
9	Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive
10	Dr. V.V.N.K.V. Prasada Raju DIN -07267366	Non-Independent, Non-Executive

Mrs. Uma Devi Chigurupati is spouse of Mr. Krishna Prasad Chigurupati and Mr. Harsha Chigurupati is son of Mr. Krishna Prasad Chigurupati and Mrs. Uma Devi Chigurupati. None of the other Directors are related to any other Director on the Board.

During the financial year 2016-17, the Company had the Managing Director as Chairman who belongs to the promoters group and the number of Independent Directors during the year was five, which was in compliance with the requirement of having one-half of the Board as an Independent Directors. None of the Directors on the Board are 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. The Directors made necessary disclosures regarding Committee positions in other listed entities as on March 31, 2017.

Selection of 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 appropriate decision.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

Lead Independent Director

Mr. C. Parthasarathy was elected as the Lead Independent Director by the Independent Directors. The Lead Independent Director's role is as follows:

- To preside over all meetings of Independent Directors
- To ensure there is an adequate and timely flow of information to Independent Directors
- To liaise between the Chairman and Managing Director, the Management and the Independent Directors
- To perform such other duties as envisaged by the Companies Act, 2013 and the Listing Regulations.

Meetings of Independent Directors

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to 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.

One meeting of Independent Directors was held during the year on 28th January 2017 without the presence of Executive Directors and management personnel. The details of the attendance of the Independent Directors in the meeting are as below.

Name	Number of meetings during the financial year 2016–2017	
	Held	Attended
Mr. L. S. Sarma,	01	01
Mr. A. P. Kurian	01	01
Mr. C. Parthasarathy	01	01
Mr. A. Arun Rao	01	01
Dr. Krishna Murthy Ella	01	-

The Independent Directors inter alia, considered the following matters in their meeting.

- Evaluation of the performance of the Board.
- Evaluation of the performance of the Non- Independent Directors.
- Evaluation of the performance of the Chairman of the Company.
- Review of quality of flow of information from Management to the Board.

Directors' Profile

A brief resume of Directors, nature of their expertise in specific functional areas and number of companies in which they hold Directorships, Memberships/ Chairmanships of Board Committees, and shareholding in the Company are provided in this Report.

Board Meetings, Board Committee Meetings and Procedures

Institutionalized decision-making process

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders long term interests are being served.

The Board has constituted six Committees, namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Transfer and Stakeholders Relationship Committee, Business Review Committee, and Risk Management Committee. The Board is authorised to constitute additional functional Committees, from time to time, depending on business needs.

Board Meetings

Minimum four pre-scheduled Board meetings are held annually, once in each quarter inter-alia to review the financial results of the Company. Additional Board meetings are convened by giving appropriate notice to address the Company's specific needs. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

The Board / Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and ensure meaningful participation in the meetings.

The meetings are held at the registered office of the Company at 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad.

The Board is given presentations covering finance, marketing, operations, overview of business operations of wholly owned subsidiary companies and joint venture companies, global business environment, the Company's business opportunities and strategy and risk management practices before taking on record the Company's quarterly/annual financial results.

The items / matters required to be placed before the Board, inter alia, include:

- Annual operating plans of businesses and budgets including capital budgets and any updates;
- Quarterly results of the Company;
- Company's annual financial results, financial statements, auditors' report and Board's report;
- Minutes of meetings of the Audit Committee and other Committees of the Board;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property ;
- Quarterly details of foreign exchange exposures, and steps taken by management to limit risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements, and shareholder's service, such as dividend non-payment, share transfer delay (if any), among others;
- Appointment, remuneration and resignation of Directors;
- Formation/reconstitution of Board Committees;
- Terms of reference of Board Committees;
- Minutes of Board meetings of unlisted subsidiary companies;
- Declaration of Independent Directors at the time of appointment/ annually;
- Disclosure of Directors' interest and their shareholding;
- Appointment or removal of the Key Managerial Personnel;

- Appointment of Internal Auditors and Secretarial Auditors;
- Quarterly / Annual Secretarial Audit reports submitted by Secretarial Auditors;
- Dividend declaration;
- Significant changes in accounting policies and internal controls;
- Takeover of a company or acquisition of a controlling or substantial stake in another company;
- Issue of securities;
- Recommending appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee;
- Internal Audit findings and External Audit Reports (through the Audit Committee);
- Proposals for major investments, mergers and amalgamations;
- Reports on progress made on the ongoing projects;
- Review the functioning of the subsidiary and joint venture companies;
- Related party transactions;
- Status of business risk exposures, its management and related action plans;
- Making of loans and investment of surplus funds;
- Borrowing of monies, giving guarantees or providing security in respect of loan;
- Brief on statutory developments, changes in government policies, among others with impact thereof;
- Details of litigations, prosecutions etc.;
- Compliance Certificate certifying compliance with all laws as applicable to the Company and
- Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 1996.

Board material distributed in advance and Post meeting follow-up mechanism

The agenda papers are circulated well in advance to all the Board members containing the detailed notes on the items to be discussed at the meeting to enable Directors to take informed decisions. All material information was circulated to the Directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board under regulation 17(7), read with Part A of Schedule II of Listing Regulations. Every Director on the Board is free to suggest any item for inclusion in the agenda for consideration of the Board. All the departments in the Company communicate to the Company Secretary well in advance, the matters requiring approval of the Board / Committees of the Board to enable inclusion of the same in the agenda of the Board / Committee meeting(s). The important decisions taken at the Board / Committee meetings are promptly communicated to the concerned department. Action taken report on the decisions / minutes of the previous meeting is placed at the succeeding meeting of the Board / Committee for noting.

Number of Board meetings held with dates

Six (6) Board meetings were held during the year, as against the minimum requirement of four meetings. The dates of Board meeting are 28th April 2016, 11th August 2016, 25th October 2016, 04th January 2017, 28th January 2017 and 31st March 2017.

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 2016 – March 2017 and the number of Directorships and Committee Chairmanships / Memberships held by them in other Companies is given below.

Name	Category	Number of Board Meetings during the financial year 2016-17		Whether attended last AGM	Number of Directorships in other public Companies (1)	No. of Membership(s) / Chairmanship(s) of Board Committees in other 1 as on 31-03-2017 (2)
		Held	Attended			
Mr. Krishna Prasad Chigurupati Chairman & Managing Director DIN – 00020180	Non-Independent, Executive	6	6	Yes	NIL	NIL
Mr. L. S. Sarma DIN – 00009530	Independent, Non-Executive	6	6	Yes	NIL	NIL
Mr. A. P. Kurian DIN – 00008022	Independent, Non-Executive	6	4	No	3	2 (including 1 as Chairman)
Mr. C. Parthasarathy DIN – 00079232	Independent, Non-Executive	6	4	Yes	7	5 (including 2 as Chairman)
Dr. Krishna Murthy Ella DIN – 00072071	Independent, Non-Executive	6	2	No	1	1 (as Chairman)
Mr. A. Arun Rao DIN – 00876993	Independent, Non-Executive	6	6	Yes	NIL	NIL
Mr. Harsha Chigurupati DIN – 01606477	Non-Independent, Non-Executive	6	5	Yes	NIL	NIL
Mrs. Uma Devi Chigurupati DIN – 00737689	Non-Independent, Executive	6	5	Yes	NIL	NIL
Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive	6	6	Yes	NIL	NIL
Dr. V.V.N.K.V. Prasada Raju (3) DIN- 07267366	Non-Independent, Non-Executive	6	2	NA	NIL	NIL

Note:

(1) The directorships, held by Directors as mentioned above, do not include directorships in foreign companies.

(2) 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.

(3) Dr. V.V.N.K.V. Prasada Raju was appointed on 4th January 2017 and two (2) meetings were held since his appointment.

Shares held by Non-Executive Directors:

The number of equity shares of the Company held by Non-Executive Directors, as on March 31, 2017 are as follows:

Sl. No.	Name of Non-Executive Director	No. of shares held	Percentage of paid-up capital
1.	Mr. L.S. Sarma	160,000	0.07
2.	Mr. A.P. Kurian	450,000	0.20
3.	Mr. A. Arun Rao	360,000	0.16
4.	Dr. Krishna Murthy Ella	400,000	0.17
5.	Mr. C. Parthasarathy	400,000	0.17
6.	Mr. Kolli Basava Sankar Rao (holding along with his spouse)	51,67,430	2.26
7.	Mr. Harsha Chigurupati (holding along with his spouse)	23,07,160	1.01

Retiring Directors

Brief resume of Directors who will be retiring by rotation and are eligible for re-appointment and also who will be appointed / reappointed at this Annual General Meeting of the Company are as under:

Retiring by rotation - Mr. Kolli Basava Sankar Rao

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Kolli Basava Sankar Rao, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Re-appointment of Mrs. Uma Devi Chigurupati as Whole-Time Director

Mrs. Uma Devi Chigurupati was appointed as Whole -Time Director of the Company with effect from 31st May, 2012 by the Shareholders at the 21st Annual General Meeting of the Company held on 2nd July 2012. The current term of office of Mrs. Uma Devi Chigurupati as Whole-Time Director of the Company expires on 30th May 2017. In view of her consistent efforts which have contributed to the growth of the organization and the sincere service rendered for the better performance of the organization during her tenure as Whole-Time Director, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Mrs. Uma Devi Chigurupati as Whole-Time Director of the Company for a further period of 5 (five) years effective from 31st May 2017.

Appointment of Dr. V.V.N.K.V. Prasada Raju as Whole-Time Director

Dr. V.V.N.K.V. Prasada Raju, who was appointed as an Additional Director on 4th January 2017 hold office up to the date of the 26th Annual General Meeting. Notice along with requisite deposit under Section 160(1) of the Act, has been received from certain member proposing his name for appointment as Director.

The information required to be provided to the shareholders of the Company pursuant to regulation 36(3) of the Listing Regulations pertaining to brief resume, expertise in functional areas, relationship between Directors inter-se and names of Companies in which he/she is a Director etc., is being provided separately, forming part of this Corporate Governance report.

Committees of the Board

The Board Committees plays 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 which 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 Board has currently established the following statutory and non-statutory committees:

Audit Committee

The primary objective of the audit committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Committee oversees the work carried out by management, statutory auditors and internal auditors, in relation to the financial reporting process and the safeguards employed by them. The Company has qualified and independent audit committee.

The audit committee comprises of five members, with a majority being Independent Directors. The composition, procedures, powers and role of the audit committee constituted by the Board comply with the requirements of regulation 18 of the Listing Regulations and Companies Act, 2013. The terms of reference of the Audit Committee are broadly as under:

a. Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.

b. Recommending the appointment and removal of statutory auditors, internal auditors and cost auditors, fixation of their audit fee and approval for payment for any other services.

c. Reviewing financial statements and draft audit report, including quarterly / half-yearly financial information.

d. 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 exercise of judgment by the management.
- Qualifications in draft audit report.
- Significant adjustment arising out of audit.
- The going concern assumption.
- Compliance with the accounting standards, stock exchange & legal requirements concerning financial statements.
- Review and approval of related party transactions.

e. Reviewing, with the management, external and internal auditors, the adequacy and compliance of internal control systems.

f. Reviewing the adequacy of internal audit functions.

g. Discussion with the internal auditors on any significant findings and follow up thereon.

h. Reviewing the Company's financial and risk management policy.

i. Vigilance mechanism

j. Any other function as delegated by the Board from time to time.

During the financial year April 2016 – March 2017, 4 (Four) Audit Committee meetings were held. The dates on which the said meetings were held are: 28th April 2016, 10th August 2016, 24th October 2016, and 28th January 2017. The Audit Committee at its meeting held on 28th April 2016 had considered the audited annual accounts for the financial year 2015-16.

The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Name	Category	Number of meetings during the financial year 2016–2017	
		Held	Attended
Mr. C. Parthasarathy, Chairman	Independent, Non-Executive	04	03
Mr. L. S. Sarma	Independent, Non-Executive	04	04
Mr. A. P. Kurian	Independent, Non-Executive	04	03
Mr. A. Arun Rao	Independent, Non-Executive	04	04
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	04	04

The Audit Committee meetings were also attended by the partner/ representatives of Statutory Auditors and Internal Auditors. Mr. C. Parthasarathy, Chairman of the Audit Committee, was present at the 25th Annual General Meeting of the Company held on August 11, 2016. Ms. Chaitanya Tummala, Company Secretary of the Company also acts as the Secretary to the Audit Committee.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee deals with all elements of remuneration package, stock options, service contracts and other terms and conditions of service of the Executive Directors, Directors / Promoters relatives and the senior management. The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice. The remuneration policy of the Company is primarily based on the criteria like performance of the Company, potential, experience and performance of individual personnel and external environment. The Nomination & Remuneration Committee for the FY 2016-17 comprises of three Independent Non-Executive Directors, one Non-Independent Non-Executive Director and one Executive Director. Mr. C. Parthasarathy, Independent Director, is the Chairman of the Committee.

3 (Three) meetings of the Nomination & Remuneration Committee were held during the financial year 2016 – 2017. The dates on which the said meetings were held are: 28th April 2016, 24th October 2016 and 04th January 2017. The composition of the Nomination & Remuneration Committee and particulars of meetings attended by the members of the Committee are given below:

Name	Category	Number of meetings during the financial year 2016–2017	
		Held	Attended
Mr. C. Parthasarathy, Chairman	Independent, Non-Executive	03	02
Mr. L. S. Sarma	Independent, Non-Executive	03	03
Mr. A. Arun Rao	Independent, Non-Executive	03	03
Mr. K.B. Sankar Rao	Non-Independent, Non-Executive	03	03
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	03	03

Share Transfer and Stakeholders Relationship Committee

Share Transfer and Stakeholders Relationship Committee was constituted to specifically look into the matters of investor's grievances such as transfer, transmission, split and consolidation of investor's holding, replacement of lost / mutilated / stolen share certificates, dematerialization of shares, non-receipt of dividend / notices / annual reports and change of addresses, among others. The main object of the Committee is to strengthen investor relations. The Committee also evaluates the performance and service standards of the Registrar and Share Transfer Agent of the Company and also provides continuous guidance to improve the service levels for the investors.

6 (Six) meetings of the Committee were held during the financial year April 2016- March 2017. During the said period, 120 (One hundred and Twenty) complaints / requests were received from the shareholders and all their grievances were redressed and no complaint / request is pending. The composition of the Committee during the year April 2016 – March 2017 and the details of meetings attended by its members are given below:

Name	**Category**	**Number of meetings during the financial year 2016-17**	
		Held	**Attended**
Mr. A. Arun Rao, Chairman	Independent, Non-Executive	6	6
Mrs. Uma Devi Chigurupati	Non-Independent, Executive	6	6
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	6	6

Company Secretary and Compliance officer

Name of the Company Secretary and Compliance Officer	**Ms. Chaitanya Tummala**
Address	02nd Floor, 03rd Block, My Home Hub, Madhapur, Hyderabad (TS)
Contact Telephone	+91-40-3066 0000
E-mail	investorrelations@granulesindia.com
Fax	+91-40-2311 5145

Business Review Committee

The Board constituted a Business Review Committee to advice 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.

11 (eleven) meetings of the Committee were held during the financial year April 2016 - March 2017. 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 2016-17**	
		Held	**Attended**
Mr. K.B. Sankar Rao, Chairman	Non-Independent, Non-Executive	11	11
Mr. L. S. Sarma	Independent, Non-Executive	11	11
Mr. C. Parthasarathy	Independent, Non-Executive	11	05
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	11	11
Mr. A. Arun Rao	Independent, Non-Executive	11	10

* During the year under review, Mr. K.B. Sankar Rao was elected as Chairman of the Committee in place of Mr. C. Parthasarathy and five meetings were held after the change in Chairman of the Committee.

Corporate Social Responsibility (CSR) Committee

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 2016-17**	
		Held	**Attended**
Mrs. Uma Devi Chigurupati, Chairperson	Non-Independent, Executive	4	4
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	4	4
Mr. A. Arun Rao	Independent, Non-Executive	4	3

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'corporate social responsibility policy'. The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

The Company Secretary shall act as the Secretary of the Committee. The purpose of the Committee is to formulate and monitor the CSR policy of the Company. The CSR Committee has adopted a policy that intends to:

- Strive for economic development that positively impacts the society at large with minimal resource footprints.
- Be responsible for the Company's actions and encourage a positive impact through its activities on the environment, communities and stakeholders.

The Committee will be overseeing the activities / functioning relating to identifying the areas of CSR activities, programs, execution of initiatives, reporting the progress and making appropriate disclosures as per the policy.

The CSR policy of the Company is available on our website www.granulesindia.com.

Risk Management Committee

The Committee's prime responsibility is to implement and monitor the risk management plan and policy of the Company.

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 2016-17	
		Held	Attended
Mrs. Uma Devi Chigurupati, Chairperson	Non-Independent, Executive Director	01	01
Mr. K.B. Sankar Rao	Non-Independent, Non-Executive Director	01	01
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive Director	01	01
Mr. L. S. Sarma	Independent, Non-Executive Director	01	01
Mr. M. Sreekanth	Chief Operating Officer	01	01

* Risk Management Committee was reconstituted on 25th October 2016 by appointing Mr. L.S. Sarma as member of the Committee. Mr. M. Sreekanth was also appointed as member of the Committee in place of Mr. B. Madhusudhan Rao, then Chief Operating Officer of the Company.

The Company Secretary shall act as the Secretary of the Committee.

Role and Responsibilities of the Committee includes the following

- Framing of Risk Management Plan and Policy
- Monitoring of Risk Management Plan and Policy
- Validating the process of Risk Management
- Validating the procedure for Risk Minimisation
- Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes
- Continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed
- Performing such other functions as may be necessary or appropriate for the performance of its oversight function

Directors' Remuneration

Remuneration policy

The Company has formulated Remuneration Policy for Directors, Key Managerial Personnel and other employees. Further, the Company has devised a Policy for performance evaluation of Independent Directors, Board and other individual Directors.

The criteria for performance evaluation cover the areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation the Directors who are subject to evaluation had not participated.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice

Remuneration paid to the Chairman and Managing Director and Whole-time Directors during the FY 2016-17

(₹ in Lakhs)

Name	Salary	Perquisites	Commission	Total
Mr. Krishna Prasad Chigurupati Chairman & Managing Director	1,80,00,000	27,38,988	9,29,24,227	11,36,63,215
Mrs. Uma Devi Chigurupati Executive Director	22,81,824	-	8,86,48,748	9,09,30,572
Dr. V.V.N.K.V. Prasada Raju Executive Director	26,74,334	6,95,759	24,62,595	58,32,688

* Dr. V.V.N.K.V. Prasada Raju was appointed as Whole-Time Director w. e. f. 4th January, 2017 and remuneration was paid from 4th January, 2017.

Remuneration paid to Non-Executive Directors during the FY 2016-17

a. There were no pecuniary transactions with any Non-Executive Director of the Company

b. Non-Executive Directors were paid sitting fees for attending the Board and Committee meetings.

Following are the details of sitting fees paid to the Directors for attending Board and Committee meetings during the FY 2016-17:

Name	Sitting fee (₹)
Mr. L. S. Sarma	9,20,000
Mr. A. P. Kurian	2,50,000
Dr. Krishna Murthy Ella	80,000
Mr. C. Parthasarathy	5,10,000
Mr. Arun Rao Akinepally	11,20,000
Mr. Kolli Basava Sankar Rao	8,00,000
Mr. Harsha Chigurupati	2,00,000

General Body Meetings

Annual General Meetings

The details of preceding three years Annual General Meetings are as under:

AGM	Year	Location	Date	Time	Number of special resolutions passed
25th	2016	Hotel Taj Banjara Road No. 1, Banjara Hills, Hyderabad	11/08/2016	4.00 PM	Nil
24th	2015	Hotel Taj Banjara Road No. 1, Banjara Hills, Hyderabad	13/08/2015	4.00 PM	3
23rd	2014	Hotel Taj Banjara Road No. 1, Banjara Hills, Hyderabad	28/08/2014	4.00 PM	10

Extra-ordinary General Meetings

The details of preceding three years Extra-ordinary General Meetings are as under:

Year	Location	Date	Time	Number of special resolutions passed
2015	Hotel Taj Banjara Road No.1, Banjara Hills, Hyderabad	24/08/2015	4.00 PM	1
2015	Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad	27/02/2015	4.00 PM	4

Postal Ballot

For the year ended March 31, 2017 there were no resolutions passed through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

Disclosures

i) Related Party Transactions

During the year ended March 31, 2017, there were no materially significant related party transactions, which could have potential conflict with the Company's interests at large. The register of contracts / arrangements containing the transactions in which the Directors are interested is placed before the Board regularly for its approval. Statement in summary form of transactions with related parties is placed before the audit committee for review. All related party transactions are negotiated on an arms length basis, and are intended to further the Company's interests. In compliance with regulation 53(f) of the Listing Regulations and the accounting standard 18, transactions with related parties are disclosed in the notes to accounts.

ii) Details of non-Compliance etc.

The Company complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets; no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI

iii) Disclosure of Accounting Treatment

The Company has followed the accounting standards in the preparation of its financial statements.

iv) Whistle Blower policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the head of the Department by the employees. Employees may also report to the member of the Audit Committee / the Chairman & Managing Director and in exceptional cases to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

Whistle Blower Policy of the Company is placed on the Company website at the link www.granulesindia.com

v) Board Disclosures -Risk Management

The Company has a Risk Management Procedure in place which is reviewed periodically. Risk management is carried out to ensure the Company is not overly dependent on a particular product, customer or geography. In addition, the above facilitates not only in risk assessment and timely rectification but also helps in minimization of risk associated with any strategic, operational, financial and compliance risk across all business operations.

Vi) Subsidiary Companies

The Company does not have any material non-listed Indian subsidiary company and hence, the requirement of inducting an Independent Director on the Board of Directors of the subsidiary company in terms of regulation 24(1) of the Listing Regulations does not arise. However, the Company has three foreign subsidiaries namely, Granules USA Inc. and Granules Pharmaceuticals, Inc. and Granules Europe Limited.

Subsidiary Companies Monitoring Framework
All subsidiary companies are Board managed with their Boards having the rights and to manage such companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies, inter alia, by the following means:

- Financial statements, in particular investments made by unlisted subsidiary companies, are reviewed by the Company's Audit Committee and the Board.
- Minutes of Board meetings of unlisted subsidiary companies are placed before the Company's Board regularly.
- A statement containing all significant transactions and arrangements entered into by unlisted subsidiary companies is placed before the Company's Board.

vii) Code of Conduct

The Company has laid down a "Code of Conduct" for the Directors and the Senior Management Personnel. The code has been posted on the website of the Company. The members of the Board including Independent Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as at March 31, 2017. A declaration to this effect signed by Mr. Krishna

Prasad Chigurupati, Chairman and Managing Director is given in Annexure to this report.

viii) CEO and CFO certification

The Chairman and Managing Director and the Chief Financial Officer have certified to the Board regarding compliance of matters specified in regulation 17(8) read with Part B of Schedule II of the Listing Regulations and the same forms part of this Corporate Governance Report. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on 11th May 2017.

ix) Proceeds from public issues, rights issues and preferential issues etc.

During the year ended March 31, 2017, ₹ 81.48 crores was received by the Company upon conversion of 1,14,01,000 warrants outstanding at the beginning of the financial year. Upon receipt of the balance subscription money, all outstanding warrants were converted into equal number of equity shares. The proceeds are being utilized for capital expenditure, working capital requirements and for investment in subsidiary companies.

x) 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 SEBI Listing Regulations.

Reporting of Internal Auditors to the Audit Committee has been adopted from discretionary requirements.

xi) Familiarisation programmes for Board Members

The Board members are provided with necessary documents, reports and internal policies to enable them to familiarise 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 programmes imparted to Independent Directors are placed on the website of the Company www.granulesindia.com.

xii) Policy on Material Subsidiaries

In terms of regulation 16 of the Listing Regulations, the Board of Directors has adopted a policy with regard to determination of Material Subsidiaries. The policy is placed on the website of the Company www.granulesindia.com.

xiii) Related Party Transactions Policy

In terms of regulation 23 of the Listing Regulations, the Board of Directors has adopted a policy to determine Related Party Transactions. The policy is placed on the website of the Company www.granulesindia.com.

xiv) Prevention of Insider Trading

In accordance with the requirements of SEBI(Insider Trading) Regulations, 2015, Company has formulated the code of conduct for prohibition of Insider Trading in the Company's Shares.

xv) Commodity Price Risks and Commodity Hedging activities

The Company is not carrying on any Commodity Business and has also not undertaken any commodity hedging activities, hence same are not applicable to the Company.

xvi) The Disclosures of the compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:

Regulation	Particular of Regulations	Compliance Status (Yes/No)
17	Board of Directors	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 with respect to subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and senior management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

Means Of Communication

Quarterly results: The Company's quarterly results are published in 'Business Standard' and 'Nava Telangana' and are displayed on website www.granulesindia.com.

News releases, presentations, among others: Official news releases and official media releases are sent to Stock Exchanges and are displayed on website www.granulesindia.com.

Presentations to institutional investors / analysts: Detailed presentations are made to institutional investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results through earnings call. The presentations made and transcripts of the earnings call are also uploaded on the Company's website www.granulesindia.com.

Website: The Company's website www.granulesindia.com. contains a separate dedicated section 'Investor Relations' where shareholder's information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

Annual Report: The annual report containing, inter alia, audited standalone financial statement, consolidated financial statement, Director's report, business responsibility report, auditor's report, corporate governance report and other important information is circulated to members and others entitled there to.

Management Discussion and Analysis (MDA) Report

The report on MDA is annexed to the Director's report and forms part of the annual report.

Disclosures to Stock Exchanges: The Company informs BSE and NSE all price sensitive matters or such other matters which in its opinion are material and of relevance to the members.

NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised 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 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.

26th Annual General Meeting

Thursday, 28th September, 2017 at 4.00 P.M. at Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 (TS), India.

Financial year

1st April to 31st March

Date of Book Closure

22nd September, 2017 to 28th September, 2017 (both days inclusive)

Dividend Payment

The final dividend, if declared, shall be paid /credited on or before 27th October, 2017. Company has paid interim dividend of 65 paise per equity share during the year.

Listing on Stock Exchanges

Equity Shares

Bombay Stock Exchange Limited (BSE)

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

Annual listing fee for the financial year 2017-18 has been paid by the Company to BSE and NSE.

Payment of Depository Fees

Annual Custody fee for the financial year 2017-18 has been paid by the Company to CDSL and NSDL.

Tentative calendar for financial year ending 31st March 2018:

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2018 are as follows:

Results	Tentative Dates
First quarter results	14th August 2017
Second quarter and half yearly results	31st October 2017
Third quarter results	25th January 2018
Fourth quarter and annual results	26th April 2018

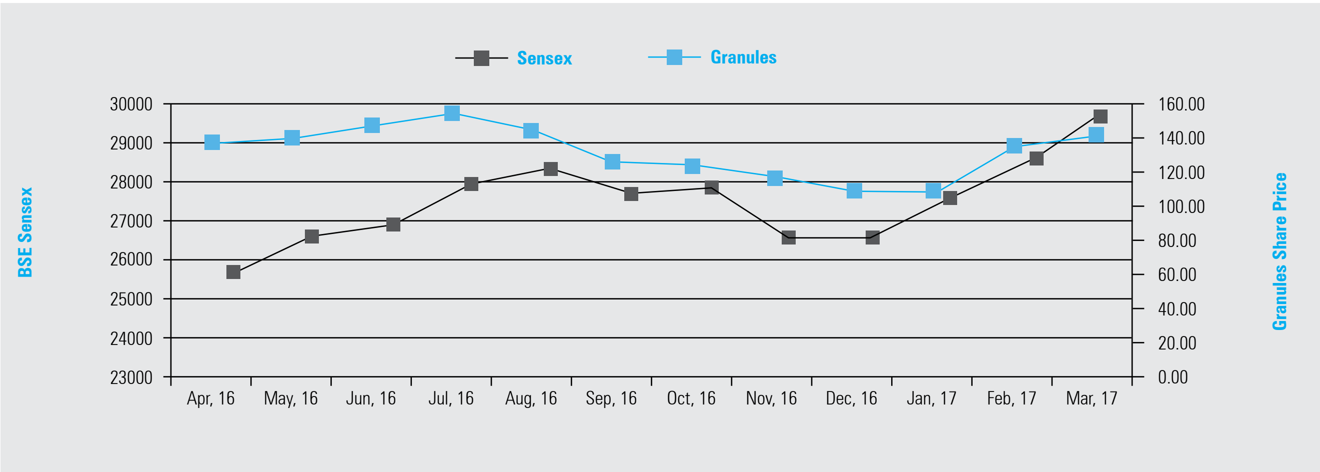
Stock Market Price Data

High, low (based on the closing prices) and number of shares traded during each month in the last financial year on BSE and NSE were as follows:

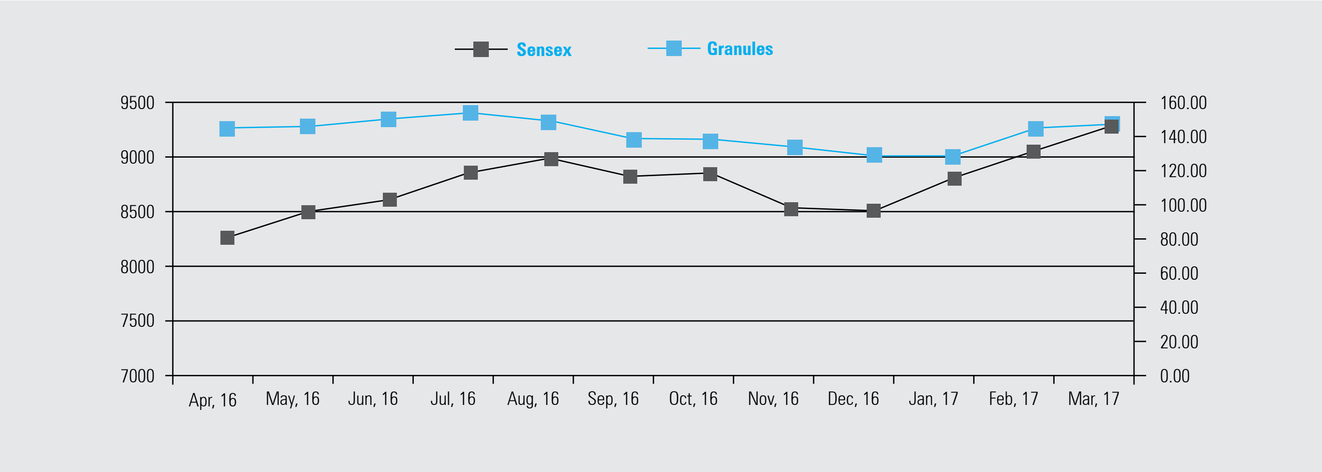
	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
Month	**High**	**Low**	**Volume**	**High**	**Low**	**Volume**
Apr-16	138.7	116.95	25,76,042	138.9	116.75	2,21,91,144
May-16	140.25	122.5	32,88,624	140.35	122.65	2,64,39,316
Jun-16	145.9	130.85	31,16,488	145.9	130.45	2,42,42,059
Jul-16	151.15	136.7	22,09,904	151	136.5	2,00,69,878
Aug-16	144.35	124.8	27,37,135	144.45	124.3	2,71,46,109
Sep-16	129.5	110.1	37,53,117	129.85	110	2,94,56,869
Oct-16	128	117	30,64,920	127.8	117.05	2,21,97,496
Nov-16	124.25	91.45	37,38,280	124.2	91.45	2,52,30,109
Dec-16	118.1	101.2	27,50,365	118	101.15	1,99,95,276
Jan-17	117.85	97.8	46,55,358	117.85	97.75	3,85,47,901
Feb-17	136.9	109.8	57,76,171	137	109.75	4,92,49,355
Mar-17	141.75	127.5	32,85,752	141.8	127.5	3,02,51,203

Performance of Share Price

The graphical presentation on the performance of share price of the Company in comparison to the BSE Sensex is provided herein under:



The graphical presentation on the performance of share price of the Company in comparison to the NSE Nifty is provided herein under:



Registrar and Transfer Agents

M/s. Karvy Computershare Private Limited is Registrar & Transfer Agent of the Company. Any request pertaining to investor relations may be addressed to the following address:
Karvy Computershare Private Limited
Karvy Selenium Tower B, 6th Floor
Plot 31-32, Gachibowli, Financial District
Nanakramguda, Hyderabad – 500 032
Tel: +91-40-67161500
Toll Free No.: 1-800-3454-001; Fax: +91-40-23001153
e-mail: einward.ris@karvy.com
Website: www.karvycomputershare.com

Share Transfer System

Share transfers are processed by the Registrar and Transfer Agent and approved by the Share Transfer and Stakeholders Relationship Committee depending on the volume of transfers. At present, the share transfers received in physical form are processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

Reconciliation of Share Capital

A qualified practicing Company Secretary carried out audit to reconcile the total admitted capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total paid-up capital was in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL. The reports are uploaded in the NSE and BSE websites for public view.

Shareholding

a) Shareholding pattern by size as on March 31, 2017

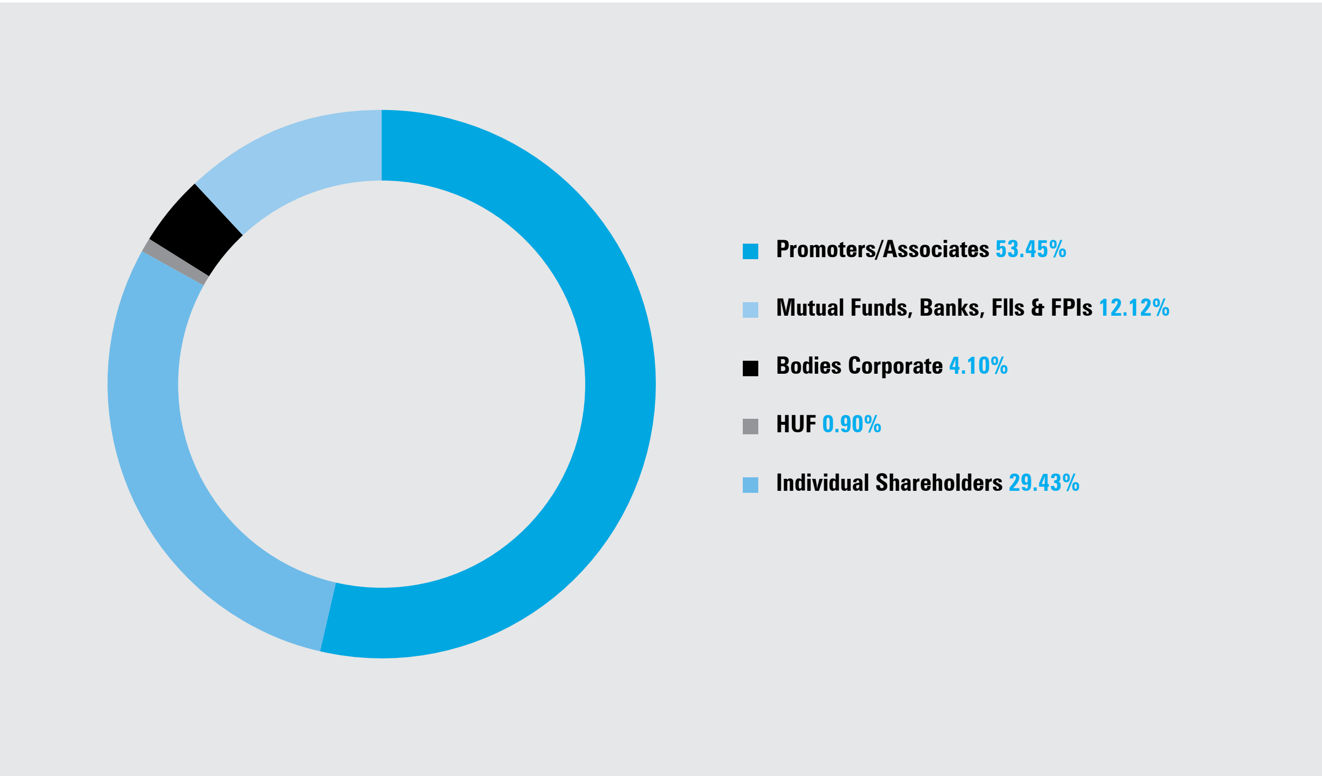
Category (Shares)	No. of Shareholders	No. of Shares held	Percentage of Shareholding
1- 5000	70,692	3,01,48,288	13.18
5001- 10000	1,051	79,29,726	3.47
10001- 20000	432	62,86,899	2.75
20001- 30000	168	42,80,275	1.87
30001- 40000	76	27,36,387	1.20
40001- 50000	54	25,09,159	1.10
50001- 100000	76	51,47,972	2.25
100001 & ABOVE	121	16,96,64,064	74.19
Total	**72,670**	**22,87,02,770.00**	**100.00**

b) Shareholding pattern category wise as on March 31, 2017

Category (Shares)	No. of Shares held	Percentage of Shareholding
Promoters/Associates	12,22,51,005	53.45
Mutual Funds, Banks , FIIs, FPI etc.	2,77,12,930	12.12
Bodies Corporate	93,80,968	4.10
HUF	20,51,257	0.90
Individual Shareholders	6,73,06,610	29.43
Total	22,87,02,770	100.00

The graphical presentation of the shareholding pattern of the Company as on March 31, 2017 is herein under provided:

Number of Shares held (%)



Dematerialization of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). The Company's equity shares, representing 99.71% of the Company's share capital were dematerialised as on March 31, 2017.

The Company's shares are regularly traded on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited in electronic form. Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE101D01020.

Outstanding GDRs / ADRs / warrants

1,14,01,000 warrants outstanding for conversion at the beginning of the financial year were converted into equity shares during the year under review. Hence, there are no outstanding GDRs/ADRs/warrants as on 31st March 2017.

Employee Stock Options

The information on Options granted by the Company during the financial year 2016-17 and other particulars with regard to Employees' Stock Options are set out in the Director's Report.

Disclosure with respect to Demat suspense account/ unclaimed suspense account

Unclaimed equity shares are held in Granules India Limited-Unclaimed shares suspense account maintained with Karvy Stock Broking Limited, Karvy Millennium, Plot no. 31, 2nd,floor, Financial District, Gachibowli, Hyderabad,500032 vide Client ID: 19389913 and DP ID:IN300394. 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	Aggregate number of shareholders and the shares transferred to suspense account during the year.	67	1,75,000
2	No. of shareholders who approached the Company for transfer of shares from Unclaimed Suspense account during the year.	1	1,000
3	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year.	1	1,000
4	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year i.e,. March 31, 2017.	66	1,74,000

The voting rights on the shares outstanding in the suspense account as on March 31, 2017 shall remain frozen till the rightful owner of such shares claim the shares.

Plant locations

a. Plot No. 15/A/1, Phase III, I.D.A. Jeedimetla, Hyderabad-500 055 (TS).

b. Temple Road, Bonthapally, P.O. Jinnaram Mandal, Medak District, -502 313 (TS).

c. Plot No. 160/A & 161/E, Gagillapur Village, Qutubullapur Mandal, Ranga Reddy District-500 043 (TS).

d. Plot No :- 8, J.N Pharma city, Tadi village, Parawada Mandal, Vishakhapatnam- 531021.

e. Plot No. 216, Bonthapally, Jinnaram Mandal, Medak District , (TS).

R & D Centres

a. Plot No. 160/A, 161/E, Gagillapur, Qutubullapur Mandal, R R District (TS) -500 043.

b. Plot No. 15/A/1, Phase-III, I.D.A, Jeedimetla, Hyderabad (TS) – 500 055.

c. Gate no 258, Shreeram Building, Lawale Phata, Pirangut, Tal Mulshi, District Pune (MH) -412 111

d. Plot no. 56, Road no. 5, ALEAP Industrial Area, Pragathi Nagar, Hyderabad (TS)-500 072

Address for correspondence
Company Secretary

Granules India Limited
2nd Floor, 3rd Block, My Home Hub,
Madhapur, Hyderabad (TS) – 500081, India
Tel: 91-40-30660000, Fax: 91-40-23115145
E-mail: investorrelations@granulesindia.com
Website: www.granulesindia.com

Green Initiative in the Coporate Governance

As part of the Green Initiative process, the Company has taken an initiaitve of sending documents like notice calling Annual General Meeting, Corporate Governance Report, Directors Report, Auditors Report, Audited Financial Statements, dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the depositories / Registrar and Transfer Agent and for the bounced-mail cases. Shareholders are requested to register their email id with Registrar and Transfer Agent / concerned Depository to enable the Company to send the documents in electronic form or inform the Company in case they wish to receive the above documents in paper mode

On behalf of the Board of Directors

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN: 00020180

Hyderabad, July 05, 2017

Profile of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting

Name of Director	Mrs. Uma Devi Chigurupati	Dr. V.V.N.K.V. Prasada Raju	Mr. Kolli Basava Sankar Rao
Date of Birth	August 10, 1959	February 20,1974	January 10, 1954
Date of Appointment	May 31, 2012	January 04, 2017	February 19,2013
Relationship with other Directors	Wife of Mr. Krishna Prasad Chigurupati, Chairman and Managing Director and mother to Mr. Harsha Chigurupati, Non-Executive Director.	NIL	NIL
Expertise in specific functional area	Wide experience in the field of management, sales & marketing, HR & administration and corporate social responsibility.	Wide experience in the field of research & development, business strategy and management.	Wide experience in medical and pharmaceutical field.
Profile	Mrs. Uma Devi Chigurupati has rich experience of 31 years in various fields. Mrs. Uma with Mr. Krishna Prasad Chigurupati had co-founded Triton Laboratories Private Limited in the year 1984, which was later amalgamated with Granules India Limited. Presently, she is spear heading CSR activities and HR initiatives. In addition, Mrs. Chigurupati is the Director of KRSMA Estates Private Limited, one of India's premier boutique wineries. Under her tenure, she has established a vineyard in Karnataka and has been overseeing the ongoing operations at the site. Mrs. Chigurupati has a post-graduate degree in Botany (soil microbiology) from Nagarjuna University.	Dr. V.V.N.K.V Prasada Raju has over two decades of techno commercial experience in Global pharmaceutical space. His previous experience at Dr. Reddy's encompasses New Product development, foster strategic partnerships, drive synergies between Industry and Academia, New Geography expansions, IP driven Early Product Portfolio Development and program Management. He is responsible for driving corporate strategy, R&D and New Business initiatives in Granules India Limited.	Mr. K. B. Sankar Rao is a post graduate from Andhra University and has rich experience of about 35 years in various domains. Mr. K. B. Sankar Rao was associated with various reputed organizations like Warner Hindustan, Cipla Limited and Dr. Reddy's Laboratories Limited. He has varied experience in the fields of technical operations, quality, supply chain, development & launch of APIs and finished dosages for global markets and business strategy. Mr. K.B. Sankar Rao is also Managing Director of Raje Retail Pvt Ltd, a pharmacy retail chain under the brand name- "My Health Pharmacy" in Hyderabad.
Board membership of other Indian Companies	Tyche Technologies Private Limited KRSMA Vineyards Private Limited Krsma Estates Private Limited Chigurupati Vineyards Private Limited Chigurupati Agrotech Private Limited Chigurupati Estates Private Limited	Granules OmniChem Private Limited.	Raje Retail Private Limited
Chairman/member of the Committee of the Board of Directors of the Company	Corporate Social Responsibility Committee – Chairperson Risk Management Committee - Chairperson Share Transfer and Stakeholders Relationship Committee -Member	Nil	Business Review Committee – Chairman Nomination & Remuneration Committee –Member
Chairman / member of the Committees in other companies in which he is a Director	Nil	Nil	Nil
Number of shares held in the company	75,80,000 equity shares of ₹ 1/- each	1,00,000 equity shares of ₹1/- each	36,36,360 equity shares of ₹1/- each

Mr. Krishna Prasad Chigurupati, Mrs. Uma Devi Chigurupati and Mr. Harsha Chigurupati are related to each other by virtue of being relatives as defined under Section 2(77) of the Companies Act, 2013 whereas there are no inter-se relationship between the other Board members and Key Managerial Personnel.

Declaration Regarding Compliance with the Code of Conduct of the Company by Board Members and Senior Management Personnel

As provided under regulation 34(3) read with Schedule V of the Listing Regulations, the Board of Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the financial year ended March 31, 2017.

Krishna Prasad Chigurupati
Chairman & Managing Director
DIN: 00020180

Place: Hyderabad
Date: April 01, 2017

Certification on Financial Statements for the financial year ended March 31, 2017 pursuant to regulation 17(8) of the Listing Regulations

We hereby certify that:

a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2017 and that 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 are in compliance 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 are fraudulent, illegal or violate 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 pertaining to 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 period;

   ii. that there are no significant changes in accounting policies during the period; and

   iii. that there are no instances of significant fraud of the management or an employee having a significant role in the company's internal control system over financial reporting.

VVS Murthy
Chief Financial Officer

Krishna Prasad Chigurupati
Chairman & Managing Director
DIN: 00020180

Auditors' Certificate

To

The Members of Granules India Limited

We have examined the compliance of Corporate Governance by Granules India Limited, for the year ended on March 31, 2017, as stipulated in regulation 34(3) read with schedule V of the Listing Regulations.

The Compliance of conditions of Corporate Governance is the responsibility of the management. 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.

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 Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer and Stakeholders Relationship Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Kumar & Giri**
Chartered Accountants
FRN: 001584S

J. Bhadra Kumar
Partner
Membership No.25480

Place: Hyderabad
Date: May 11, 2017

Business Responsibility Report

As per Regulation 34(2)(f) of the Listing Regulations, 2015

Section A: General Information About the Company

1	Corporate Identity Number (CIN) of the Company	L24110TG1991PLC012471
2	Name of the Company	Granules India Limited
3	Registered address	Second Floor, Block III, My Home Hub, Madhapur, Hyderabad – 500081
4	Website	www.granulesindia.com
5	E-mail id	Investorrelations@granulesindia.com
6	Financial Year reported	Financial year ended March 31, 2017
7	Sector(s) that the Company is engaged in (industrial activity)	Manufacture of Pharmaceuticals
8	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Paracetamol, Metformin and Ibuprofen
9	Total number of locations where business activity is undertaken by the Company	Five
	(a) Number of International Locations (Provide details of major 5)	NIL
	(b) Number of National Locations	Five
10	Markets served by the Company : Local/State/National/ International	All markets (India and International)

Section B: Financial Details of the Company

1	Paid up Capital (₹ in Lakhs)	2,287.03
2	Total Turnover (₹ in Lakhs)	137,416.90
3	Total profit after taxes (₹ in Lakhs)	14,282.67
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.93
5	List of activities in which expenditure in 4 above has been incurred	(a) Skill development activity (b) Promoting preventive healthcare (c) Promoting education to under privileged

Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3	Do any other entity/entities (eg. Suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, more than 60%]	No

Section D: BR Information

1. Details of Director/Directors responsible for BR

(a)	**Details of Director/Directors responsible for implementation of the BR policy/policies**	
1.	DIN Number	00020180
2.	Name	Krishna Prasad Chigurupati
3.	Designation	Chairman and Managing Director
(b)	**Details of the BR head**	
1.	DIN Number (if applicable)	00020180
2.	Name	Krishna Prasad Chigurupati
3.	Designation	Chairman and Managing Director
4.	Telephone number	040- 30663600
5.	e-mail id	mail@granulesindia.com

2. Governance related to BR

a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year	Annually
b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	No

3. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for….	Yes	No	Yes	Yes	No	Yes	NA	Yes	No
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	NA	Yes	Yes	NA	Yes	NA	Yes	NA
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Yes	NA	Yes	Yes	NA	Yes	NA	Yes	NA
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Yes	NA	Yes	Yes	NA	Yes	NA	Yes	NA
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Yes	NA	Yes	Yes	NA	Yes	NA	Yes	NA
6.	Indicate the link for the policy to be viewed online?	Refer to the Whistle blower Policy and Code of Conduct (available on www. granulesindia. com)	NA	Available on our Intranet	Refer to the CSR Policy (available on www. granulesindia. com)	NA	Available on our Intranet	NA	Refer to the CSR Policy (available on www. granulesindia. com)	NA
7.	Has the policy been formally communicated to all relevant internal and external stakeholders	Yes	NA	Yes	Yes	NA	Yes	NA	Yes	NA
8.	Does the Company have in-house structure to implement the policy/policies	Yes	NA	Yes	Yes	NA	Yes	NA	Yes	NA
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Yes	NA	Yes	Yes	NA	Yes	NA	Yes	NA
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Yes	NA	Yes	Yes	NA	Yes	NA	Yes	NA

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles							√		
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within next 1 year		√			√				√
6.	Any other reason (please specify)									

Section E - Principle Wise Performance

Principle 1:

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/Others?

Granules Code of Conduct covers all the stakeholders including Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/Others. Granules India always encourages its employees and all the stakeholders not to engage in any unfair trading practices, irresponsible advertising or anti-competitive behavior. Granules India has the procedures in place to ensure that the business of the company is carried out in a fair and responsible manner.

How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Granules India strongly emphasize on servicing its customers with the best quality products. We not only believe in delivering quality product but also in on-time service to all of our customers.

All the customer complaints which were received have been resolved in adequate time and proposed improvements have been incorporated into the processes and with no complaints pending at the end of the financial year.

Principle 2:

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1 List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

(a) Active Pharmaceutical Ingredients

(b) Finished Dosages

2 For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Not Available

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Granules India Limited is multi-facility, multi-product company; it is not possible to determine product wise resource utilization. However, we realize the importance of its resources and thus continuously strives to optimize and make best possible use of its resources through continuous improvements and operational excellence.

To optimize the utilization of water, we have replaced Steam jet ejectors & water ring vacuum pumps with dry vacuum pumps at our Bonthapally API facility. This has resulted in overall 13% reduction in water consumption at the facility.

At our formulation unit we have achieved 11% reduction in water consumption through our Continuous Improvement project initiatives. The results were achieved by eliminating soft water plant and water usage optimization in the RO plant.

We have achieved 8% reduction in coal consumption in our Jedimetla Unit by using economizer and recovering steam condensate. Also we have achieved 12% reduction in Power consumption in our API plant by optimizing chiller operations.

All our manufacturing facilities except API intermediate facility at Bonthapally are approved by regulatory agencies from US and EU and our products conform to the highest quality standards. On the environmental front, we seek to provide a safe working environment to our employees. Our manufacturing facilities at Gagillapur, Jeedimetla and API facility at Bonthapally have ISO 14001 and OHSAS 18001 certifications.

3 Does the company have procedures in place for sustainable sourcing (including transportation)?

Yes

a. If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so.

Granules India Limited has well-defined standard procedures for identifying and approving vendors. Periodic site audit of vendors, regulatory approval checks and regular sample analysis are performed to ensure that the products are of highest quality. Our API and Formulation plants are strategically located in vicinity of each other to ensure the transportation is bare minimum which in turn also ensures vehicular air emissions are at lowest levels.

Granules as responsible citizen has signed an agreement to procure solar powered electricity from power grid and it is operational since April 17 onwards for the facility located at Gagillapur. We are expecting up-to 60% of our electricity requirement for our Unit would be procured from Solar Power Plant instead of coal based Thermal Power Plant. This clean and renewable source of energy would indirectly help in reducing carbon footprint.

4 Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

50% to 55% of packing material in terms of value is procured from local sources (Telangana state)

We encourage suppliers to start facilities in Hyderabad like Shriji Polymers, Ujjain based company, manufacturing bottles & closures is coming up with a facility in Hyderabad, which is going to be operational from May'17. This helps us to save on logistics and reduce carbon footprint.

5 Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also provide details thereof, in about 50 words or so.

Yes, Granules India Limited has adopted mechanisms to recycle products and waste generated during manufacturing processes. We recover key products and solvents used in the manufacturing process. Over 90% of the solvents utilized in our manufacturing process are being recovered and reused.

The entire solid organic waste generated during the manufacturing processes is sent to cement industries for co-incineration or to the authorised dealers.

We have installed a Zero Liquid Discharge System at our API facility at Bonthapally, where the entire liquid effluent generated is processed and reused. At our formulation plant, we treat entire domestic effluent and reuse it.

Principle 3:

Businesses should promote the wellbeing of all employees

1 Please indicate the Total number of employees

We have 3,636 employees as on 31 March 2017

2 Please indicate the Total number of employees hired on temporary/contractual/casual basis

We have 1,314 employees as on 31 March 2017

3 Please indicate the Number of permanent women employees.

We have 138 employees as on 31 March 2017

4 Please indicate the Number of permanent employees with disabilities

1

5 Do you have an employee association that is recognized by management

No

6 What percentage of your permanent employees is members of this recognized employee association?

NA

7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on the end of the financial year
1.	Child Labour/forced labour/involuntary labour	NIL	NA
2.	Sexual Harassment	NIL	NA
3.	Discriminatory employment	NIL	NA

8 What percentage of your mentioned employees were given safety & skill upgradation training in the last year?

(a) Permanent Employees

60%

(b) Permanent Women Employees

40%

(c) Casual/Temporary/Contractual Employees

80%

(d) Employees with Disabilities

0%

Principle 4:

Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1 Has the company mapped its internal and external stakeholders? Yes/No

Yes, we have mapped our internal and external stakeholders.

2 Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes, we have identified disadvantageous, vulnerable and marginalized stakeholders.

3 Are there any special initiatives taken by the company to engage with the disadvantaged vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words.

Granules India Limited has partnered with Swarna Bharat Trust to provide skill development programs to needful youth and support them with employment opportunities. These youth are given the opportunity to be part of "Earn & Learn" programme. Through various training programmes, technical skills are imparted to these targeted youth who are then employable in pharma companies. Granules also employs the youth who are further provided with on-the-job training along with opportunities for higher education through "Self-Managed Team" way of working

We have implemented EHS management systems to prevent environmental degradation, work place incidents and ill-health, covering all categories of employees including contract workmen. We have initiated Behavior Based Safety Management System, Process Safety Management System & Incident Analysis System at our manufacturing facility and provided extensive trainings and awareness sessions to our employees and contract workmen in order to achieve safe work culture and environment.

Principle 5:

Businesses should respect and promote human rights

1 Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ Others?

At present our policies extended to our company, our suppliers and contractors

2 How many stakeholders complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

We didn't receive any complaints

Principle 6:

Businesses should respect, protect, and make efforts to restore the environment

1 Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/B | NGOs/Others.

The policy covers the company and Joint-Venture groups.

2 Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

Granules India Limited does continuous monitoring of Total Volatile Organic Content in its manufacturing facilities to ensure that the environment is maintained in good condition. In addition to this we monitor Ambient air quality across the manufacturing facilities and boilers for Suspended Particulate Matter (PM10), Respirable Suspended Particulate Matter (PM2.5) along with harmful pollutants like SOx, NOx. This helps us to ensure air pollution levels are kept to the minimum and environmental impact is reduced.

We have identified high noise generation areas and monitor these areas on regular basis to ensure noise levels are within permissible limits. All our backup DG power systems are installed keeping in mind the environmental impact. These are noise-free systems provided with acoustic enclosures.

We understand the requirement of green-belt in the environment and hence strive to maintain and improve greenery in our units. Also we have installed acid scrubbers and dust collectors to ensure that we eliminate the environmental impact to the maximum extent.

Granules as responsible citizen has signed an agreement for sourcing power from grid from clean source solar energy power plant. This will start commence from April'17 onwards. We are expecting up-to 60% of our electricity requirement for our Unit would be procured from Solar Power Plant instead of coal based Thermal Power Plant. The clean and renewable source of energy would indirectly help in reducing carbon footprint**.**

3 Does the company identify and assess potential environmental risks? Y/N

Yes

4 Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Granules India Limited places top priority on environmental protection and Occupational Health & Safety in all its business operations, respecting human life and dignity. The company strives to achieve this through proactive EHS management systems to prevent environmental degradation, work place incidents and ill-health, covering all categories of employees including contract workmen. The company aims to go beyond the statutory requirements by endeavoring towards reduction of use of natural resources and energy by reducing, reusing or recycling the raw materials.

Under clean manufacturing, all the solid wastes generated at our manufacturing plants are either sent to cement industries for co-incineration or to the authorised dealers. Liquid effluent generated at Jeedimetla and Gagillapur facility is pre-treated to meet the required norms and sent to common effluent treatment plant (CETP) for further treatment.

We are maintaining Zero Liquid Discharge System at our Bonthapally API facility & Effluent Treatment Plants to ensure that the effluents generated are treated to minimize the environmental impact and reuse the resources wherever possible. At our formulation unit, entire domestic effluent is treated in-house and re-used.

5 Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for webpage

Already covered in above point.

6 Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes.

7 Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

None.

Principle 7:

Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner

1 Is your company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:

(a) Confederation of Indian Industry (CII)

(b) Bulk Drug Manufacturers Association (BDMA)

(c) FTAPCCI

2 Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Sustainable Business Principles, Others)

No

Principle 8:

Businesses should support inclusive growth and equitable development.

1 Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

We believe in providing inclusive growth and supporting equitable development in the society. We have initiated programme under the "Self-Managed Teams" wherein we provide job opportunities to youths from surrounding rural areas. Along with giving them job opportunity, these candidates will be provided with trainings and opportunities for higher education under the concept of earn and learn.

To promote development and provide health care facilities to people living in the surrounding villages and rural areas, we have taken up projects to setup a hospital in Bonthapally area and Primary Health Centre (PHC) in Gagillapur area.

2 Are the programmes/projects undertaken through in-house team/ own foundation/external NGO/governmental structures/any other organization?

The programs have been undertaken by in-house teams.

3 Have you done any impact assessment of your initiative?

We review our projects on periodic basis to assess the projects against the project deliverables.

4 What is your company's direct contribution to community development projects –Amount in INR and the details of the projects undertaken

We have contributed around INR 44Lakhs towards development of Hospital and PHC in Bonthapally and Gagillapur.

5 Have you taken steps to ensure this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

Principle 9:

Businesses should engage with and provide value to their customers and consumer in a responsible manner.

1 What percentage of customer complaints/consumer cases are pending as on the end of financial year.

GIL has Standard Operating Procedure to acknowledge, investigate and respond to any product quality related complaints/query. Dedicated complaints handling teams across all its manufacturing units ensure that detailed investigation is performed for all complaints/queries received and appropriate CAPA is taken where ever necessary within stipulated time-frames. We do not have any consumer cases in this financial year.

2 Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA/ Remarks (additional information)

We do not provide/display any information over and above what is mandated as per local laws

3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five year. If so, provide details thereof, in about 50 words or so.

No such cases are filed by any stakeholder against the company.

4 Did your company carry out any consumer survey/consumer satisfaction trends?

We undertake customer satisfaction survey through consistent visit/ interaction with the customers

Independent Auditor's Report

To the Members of Granules India Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Granules India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act., read with relevant rules issued thereunder.

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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the financial position of the Company as at March 31, 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("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 A, 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 purpose 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, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow 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 Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder;

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;

(g) 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, 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 Ind AS financial statements – Refer note 28 C to the standalone Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

iv. The Company has provided requisite disclosures in Note 48 to these standalone Ind AS financial statements as to holdings as well as dealings of Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our enquiries, test check of the books of account and other details maintained by the Company and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company.

For **Kumar & Giri**
Chartered Accountants
FRN 001584S

J Bhadra Kumar
Partner
Membership Number:025480

Place: Hyderabad
Date: May 11, 2017

Annexure A

Annexure referred to in paragraph 1 of our report of even date

Re: Granules India Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given by the management, the title deeds of immovable properties are held in the name of the company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) The Company has granted loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act").

(a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the bodies corporate listed in the register maintained under section 189 of the Act were not, prima facie, prejudicial to the interest of the Company

(b) In the case of loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the principal and interest as per terms and conditions stipulated.

(c) There are no overdue amounts in respect of the loan granted to a body corporate listed in the register maintained under section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has prescribed maintenance of cost records under Section 148(1) of the Companies Act, 2013, in respect of manufacturing activities / for the products of the Company. Accordingly, the Company has maintained accounts and records of such activities.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other applicable statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues as at the last day of the year ending March 31, 2017 for period of more than six months from the date they became payable .

(b) Reference is invited to Note No. 28 C regarding pending litigations with various authorities in respect of Income tax, Customs Duty, Service tax, Sales Tax, Excise Duty, Cess.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to any financial institution, bank or government or debenture holders during the year

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments) and money raised by way of term loans were applied for the purpose for which the loans were obtained.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given by the management and based on our verification, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given by the management and based on our examination of the records of the Company, 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 Ind AS financial statements, as required by the applicable accounting standards.

(xiv) During the year, the Company has converted the warrants of 1,14,01,000 at ₹95.30, which were issued to promotors and promotor group entities, into equity shares of Rupee 1 each. The company has complied with the requirement of section 42 of the Companies Act 2013 for the allotment of warrants / shares and has applied the funds received there from for the purpose for which the funds were raised.

(xv) According to the information and explanations given by the management, and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Kumar & Giri**
Chartered Accountants
FRN 001584S

J Bhadra Kumar
Partner
Membership Number:025480

Place: Hyderabad
Date: May 11, 2017

Annexure-B

Annexure to the Independent Auditor's report of even date on the Standalone Ind AS 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 over financial reporting of Granules India Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the period 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 over financial reporting 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 unauthorised 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

For **Kumar & Giri**
Chartered Accountants
FRN 001584S

J Bhadra Kumar
Partner
Membership Number:025480

Place: Hyderabad
Date: May 11, 2017

Standalone Balance Sheet

as at March 31, 2017

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

	Notes	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Assets				
Non-current assets				
Property, plant and equipment	3A	53,057.37	44,046.61	43,527.56
Capital work-in-progress		13,230.89	3,527.77	1,849.97
Intangible assets	3B	7,500.61	8,282.24	8,689.28
Financial assets	4			
Investments	4A	7,511.50	8,894.57	7,291.13
Loans	4B	17,985.29	6,137.78	10.20
Others	4C	745.28	594.41	475.30
Income tax assets(net)	5	466.78	946.16	1,384.15
Other non-current assets	5A	1,649.35	2,351.64	147.76
		1,02,147.07	**74,781.18**	**63,375.35**
Current assets				
Inventories	6	23,758.77	21,012.78	17,939.62
Financial assets	7			
Trade receivables	7A	46,831.27	44,416.29	41,059.12
Cash and cash equivalents	7B	3,936.48	11,070.06	5,223.09
Loans	7C	139.21	72.90	30.33
Others	7D	25.13	29.42	18.66
Other current assets	8	8,658.95	5,406.87	4,414.69
		83,349.81	**82,008.32**	**68,685.51**
Total Assets		**1,85,496.88**	**1,56,789.50**	**1,32,060.86**
Equity and Liabilities				
Equity				
Equity share capital	9	2,287.03	2,167.12	2,042.52
Other equity	10	86,148.58	64,283.25	41,280.07
Total equity		**88,435.61**	**66,450.37**	**43,322.59**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	11	12,424.24	18,421.27	24,267.41
Net employee defined benefit liability	12	724.95	557.99	426.74
Deferred tax liabilities (net)	13	6,402.69	6,314.07	5,484.07
		19,551.88	**25,293.33**	**30,178.22**
Current liabilities				
Financial liabilities	14			
Borrowings	14A	47,383.30	39,285.42	33,137.40
Trade payables	14B			
Total outstanding dues of micro enterprises and small enterprises		334.83	247.51	242.18
Total outstanding dues of creditors other than micro enterprises and small enterprises		20,654.84	17,467.77	18,081.03
Other financial liabilities	14C	8,011.15	7,277.22	6,264.66
Other current liabilities	15	964.83	609.42	719.02
Net employee defined benefit liability	16	160.44	158.46	115.76
		77,509.39	**65,045.80**	**58,560.05**
Total Equity and Liabilities		**1,85,496.88**	**1,56,789.50**	**1,32,060.86**
Summary of significant accounting policies	2.1			

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

As per our report of even date.
For **Kumar & Giri**
Chartered Accountants
FRN 001584S

For and on behalf of the **Board of Directors**

J.Bhadra Kumar
Partner
Membership No.025480

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN-00020180

V.V.S.Murthy
Chief Financial Officer

Place: Hyderabad
Date: May 11, 2017

Chaitanya Tummala
Company Secretary

Standalone Statement of Profit and Loss

for the year ended March 31, 2017

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

	Notes	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Income			
Revenue from operations (gross)	17	1,37,416.90	1,35,349.02
Other income	18	1,452.02	628.70
Total income		**1,38,868.92**	**1,35,977.72**
Expenses			
Cost of materials consumed	19	67,077.83	75,145.13
Increase in work in progress and finished goods	20	(1,220.03)	(2,180.20)
Excise duty on sales		2,468.81	2,575.51
Employee benefit expenses	21	12,581.00	10,634.31
Other expenses	22	26,929.42	22,177.83
Total		**1,07,837.03**	**1,08,352.58**
EBITDA		**31,031.89**	**27,625.14**
Depreciation and Amortisation	23	7,135.16	5,824.71
Finance costs	24	3,216.41	3,704.57
Total expenses		**1,18,188.60**	**1,17,881.86**
Profit before tax		**20,680.32**	**18,095.86**
Tax expense	26		
Current tax		6,362.95	5,197.28
Deferred tax charge		34.70	820.23
Total tax expense		**6,397.65**	**6,017.51**
Profit for the year		**14,282.67**	**12,078.35**
Other Comprehensive Income (OCI)	25		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on employee defined benefit plans		155.79	28.27
Deferred tax charge		53.92	9.78
Total other comprehensive income for the year, net of tax		**101.87**	**18.49**
Total comprehensive income/(loss) for the year, net of tax		**14,384.54**	**12,096.84**
Earnings per equity share:	27		
Basic earnings per share		6.53	5.84
Diluted earnings per share		6.49	5.73
Nominal value per equity share		1.00	1.00
Summary of significant accounting policies	2.1		

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

As per our report of even date.
For **Kumar & Giri**
Chartered Accountants
FRN 001584S

For and on behalf of the **Board of Directors**

J.Bhadra Kumar
Partner
Membership No.025480

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN-00020180

V.V.S.Murthy
Chief Financial Officer

Place: Hyderabad
Date: May 11, 2017

Chaitanya Tummala
Company Secretary

Statement of Changes in Equity

for the year ended March 31, 2017

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

Statement of changes in Equity

a) Equity share capital

Equity shares of INR 1 each issued, subscribed and fully paid	**No.**	**₹**
As at April 1, 2015	20,42,51,540	2042.52
Issued during the year	1,24,60,230	124.60
As at March 31, 2016	**21,67,11,770**	**2167.12**
Issued during the year	1,19,91,000	119.91
As at March 31, 2017	**22,87,02,770**	**2287.03**

b) Other Equity

	Attributable to the equity holders								
	Reserves and Surplus						Other comprehensive income	Money received against share warrants	Total Equity
	Securities Premium	Capital Reserve	General Reserve	Employee Stock option	Share Based Payments Reserve	Retained Earnings			
As at April 01, 2015	**12,028.47**	**455.33**	**20,786.74**	**84.46**	**-**	**7,859.40**	**65.66**	**-**	**41,280.07**
Add: Premium on exercise of employee stock options	183.22	-	-	-	79.85	-	-	-	263.07
Add: Premium on issue of share warrants	10,277.77	-	-	-	-	-	-	-	10,277.77
Add: Re-measurement gains/ (losses) on employee defined benefit plans					-		18.49	-	18.49
Add: Expense arising from equity-settled share-based payment transactions	-	-	-	79.34	-	-	-	-	79.34
Less : Transferred to Share Based Payments Reserve				(79.85)					(79.85)
Add: Money received during the year							-	2,716.29	2,716.29
Add: Profit for the year	-	-	-	-	-	12,078.35	-	-	12,078.35
Less : Dividend on Equity Shares	-	-	-	-	-	(2,350.28)	-	-	(2,350.28)
At March 31, 2016	**22,489.46**	**455.33**	**20,786.74**	**83.95**	**79.85**	**17,587.47**	**84.15**	**2,716.29**	**64,283.25**
Changes during the year	-	-	-	-	-	-	-	(2,716.29)	(2,716.29)
Add: Premium on exercise of employee stock options	135.78	-	-	-	57.21	-	-	-	192.99
Add: Premium on issue of share warrants	10,751.14	-	-	-		-	-	-	10,751.14
Add: Capital reserve arising pursuant to scheme of amalgamation	-	1,462.20				-	-	-	1,462.20
Add: Expense arising from equity-settled share-based payment transactions	-	-	-	81.00		-	-	-	81.00
Less : Transferred to Share Based Payments Reserve	-	-	-	(57.21)		-	-	-	(57.21)
Add: Profit for the year	-	-	-	-	-	14,282.67	-	-	14,282.67
Add: Re-measurement gains/ (losses) on employee defined benefit plans							101.87		101.87
Less : Dividend on Equity Shares	-	-	-	-	-	(2,233.04)	-	-	(2,233.04)
Less: Transfer to General Reserve	-	-	10,000.00	-	-	(10,000.00)	-	-	-
At March 31, 2017	**33,376.39**	**1,917.53**	**30,786.74**	**107.74**	**137.06**	**19,637.10**	**186.02**	**-**	**86,148.58**

The Board of Directors have recommended a final dividend of 25 paise per equity share of ₹ 1/- each in addition to interim dividend of 65 paise per equity share of ₹ 1/- each paid during the year.

During the year ended 31 March 2017 and 31 March 2016, the company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

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

As per our report of even date.
For **Kumar & Giri**
Chartered Accountants
FRN 001584S

J.Bhadra Kumar
Partner
Membership No.025480

Place: Hyderabad
Date: May 11, 2017

For and on behalf of the **Board of Directors**

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN-00020180

Chaitanya Tummala
Company Secretary

V.V.S.Murthy
Chief Financial Officer

Standalone Cash flow statement

for the year ended March 31, 2017

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

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Net Profit before tax	**20,680.32**	**18,095.86**
Cash flow from operating activities		
Net Profit before tax		
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	7,135.16	5,824.71
Provision for doubtful receivables/advances/other assets (net)	221.18	24.07
Loss/(profit) on sale of assets (net)	(75.93)	15.49
Re-measurement gains/(losses) on employee defined benefit plans	155.79	28.27
Share based payment expense	81.00	79.34
Interest expense	3,216.41	3,704.57
Interest income	(901.49)	(588.31)
Operating Profit before Working Capital Changes	**30,512.44**	**27,184.00**
Movements in working capital:		
Decrease/(increase) in trade receivables	(2,636.16)	(3,381.24)
Decrease/(increase) in inventories	(2,745.99)	(3,073.16)
Decrease/(increase) in other financial and non financial assets	(3,468.35)	(1,153.86)
Increase/(decrease) in trade payables and other financial and non financial liabilities	3,943.30	(418.28)
Cash Generated from Operations	**25,605.26**	**19,157.46**
Income tax paid (net of refunds)	(5,883.47)	(4,759.29)
Net Cash flow from Operating Activities (A)	**19,721.79**	**14,398.17**
Cash flow from investing activities		
Purchase of fixed assets, including capital work-in-progress, capital advances and payables for capital goods	(18,456.66)	(10,066.30)
Proceeds from sale of fixed assets	95.66	98.21
Investments made in subsidiaries	-	(1,603.44)
Loans made to subsidiaries (net)	(11,857.71)	(6,127.58)
Interest received	905.78	577.55
Net Cash flow from/used in Investing Activities (B)	**(29,312.93)**	**(17,121.56)**
Cash flow from financing activities		
Proceeds from issuance of share capital	8,290.54	10,585.59
Proceeds from issuance of share Warrants	-	2,716.29
Repayment of borrowings	(6,587.15)	(5,504.22)
Proceeds from borrowings	6,123.77	6,838.02
Interest paid	(3,179.23)	(3,724.74)
Payments of dividend (including dividend tax)	(2,228.03)	(2,340.58)
Net Cash flow from/(used in) Financing Activities (C)	**2,419.90**	**8,570.36**
Net Increase in Cash and Cash Equivalents (A+B+C)	**(7,171.24)**	**5,846.97**
Cash and Cash Equivalents at the beginning of the year	11,070.06	5,223.09
Increase in Cash and Cash Equivalents on Amalgamation (refer note 47)	37.66	-
Cash and Cash Equivalents at the end of the year	**3,936.48**	**11,070.06**
Components of cash and cash equivalents:		
Cash on hand	12.33	15.65
Balances with banks		
On current accounts	17.34	381.64
On EEFC accounts	14.14	28.70
On unpaid dividend account	31.06	26.05
On deposit accounts	3,861.61	10,618.02
Total cash and cash Equivalents	**3,936.48**	**11,070.06**

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

As per our report of even date.
For **Kumar & Giri**
Chartered Accountants
FRN 001584S

For and on behalf of the **Board of Directors**

J.Bhadra Kumar
Partner
Membership No.025480

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN-00020180

V.V.S.Murthy
Chief Financial Officer

Place: Hyderabad
Date: May 11, 2017

Chaitanya Tummala
Company Secretary

Notes to Standalone financial statements

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

1. Corporate Information

Granules India Limited ("the Company") is a public domiciled in India and incorporated under the Companies Act, 1956. Its shares are listed on two Stock exchanges in India. The company is engaged in the manufacturing and selling of Active Pharmaceutical Ingredients (APIs), Pharmaceutical Formulation intermediates (PFIs) and Finished Dosages (FDs). The company caters to both domestic and international markets.

2. Significant accounting policies

2.1 Basis of preparation

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

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP"). These financial statements for the year ended March 31, 2017 are the first set of financial statements of the Company has been prepared in accordance with Ind AS. Refer to note 46 for information on how the Company adopted Ind AS. The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments). The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

2.2 Summary of significant accounting policies

(a) Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

(b) Foreign currencies

The financial statements are presented in Indian rupees, which is also the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

(c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

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

The principal or the most advantageous market must be accessible by the 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.

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 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.

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

Notes to Standalone financial statements

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

the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

(d) Revenue recognition

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

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

Sale of goods

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

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty. However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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.

Interest income

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

Dividend income

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

Other income

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

(e) Taxes

Current income tax

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

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

Deferred tax

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

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

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

Sales/ value added taxes paid on acquisition of assets or goods

Cost of goods and assets are recognised net of the amount of sales/ value added taxes paid, except:

When the tax incurred on a purchase of assets or goods is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

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

(f) Property, plant and equipment

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

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied . All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on fixed assets is provided on a straight-line method based on the useful lives estimated by the management which are in accordance with Schedule II to the Companies Act, 2013.The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

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

(g) Intangible assets

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

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

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

(h) Leases

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

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

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

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

(i) Borrowing costs

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

(j) Inventories

Inventories are valued at the lower of cost and net realisable value.Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.Cost is determined on monthly moving weighted average method.Net realisable value is the estimated selling

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

price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventories of raw material, packing material , consumables and stores and spares are valued as per monthly moving weighted average method. Cost does not include duties and taxes that are subsequently recoverable.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

(k) Impairment of non-financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

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

(l) Provisions

General

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

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

(m) Retirement and other employee benefits

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

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

Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

(n) Share-based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

Equity-settled transactions

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

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

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

(o) Dividends

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

(p) Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, a 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Equity investments:

In respect of equity investments, when an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries and associates either:

(a) at cost; or

(b) in accordance with Ind AS 109.

If a first-time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amounts in its separate opening Ind AS Balance Sheet:

(a) cost determined in accordance with Ind AS 27; or

(b) deemed cost. The deemed cost of such an investment shall be its:

(i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or

(ii) previous GAAP carrying amount at that date.

A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary or associate that it elects to measure using a deemed cost.

Since the company is a first time adopter it has measured its investment in subsidiary and associate at deemed cost in accordance with Ind AS 27 by taking previous GAAP carrying amount.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

a) the rights to receive cash flows from the asset have expired, or

b) the Company has transferred its rights to receive cash flows from the asset, and

i. the Company has transferred substantially all the risks and rewards of the asset, or

ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

Financial guarantee contracts

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and

Notes to Standalone financial statements

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

the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(q) Research and Development

Research costs

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

Development costs

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

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

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

(r) Measurement of EBITDA

The Company presents EBITDA in the statement of profit or loss, which is neither specifically required by Ind AS 1 nor defined under Ind AS. Ind AS complaint Schedule III allows companies to present line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements or when required for compliance with the amendments to the Companies Act or under the Indian Accounting Standards.

Accordingly, the Company has elected to present EBITDA as a separate line item on the face of the statement of profit and loss and does not include depreciation and amortization expense,finance costs and tax expense in measurement of EBITDA.

(s) Standards issued but not yet effective

Ind AS 115 Revenue from Contracts with Customers: Ind AS 115, Revenue from Contracts with Customers was initially notified under the Companies (Indian Accounting Standards) Rules, 2015. The standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions-and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs. The standard has been currently deferred. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Notes to Standalone financial statements

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

3A. Property, plant and equipment

	Freehold land	Freehold buildings	Plant and machinery	Computers	Office equipment	R&D Equipment	Furniture and fittings	Vehicles	Total Tangible Assets
Cost									
At April 1, 2015	**1,241.96**	**12,314.91**	**43,049.10**	**857.22**	**487.59**	**1,705.71**	**881.33**	**537.80**	**61,075.62**
Additions	34.56	1,154.12	3,399.95	161.07	78.49	258.26	46.01	-	5,132.46
Disposals/ Adjustments	-	37.75	68.66	0.33	0.84	-	-	59.17	166.75
Exchange differences	-	65.78	716.92	-	-	-	-	-	782.70
At March 31, 2016	**1,276.52**	**13,497.06**	**47,097.31**	**1,017.96**	**565.24**	**1,963.97**	**927.34**	**478.63**	**66,824.03**
Taken over pursuant to Scheme of Amalgamation (ii)	1,759.18	-	-	-	-	-	-	-	1,759.18
Additions	0.48	3,192.95	9,619.99	131.99	83.99	111.40	73.24	0.86	13,214.91
Disposals/ Adjustments	-	45.36	45.24	-	1.27	0.11	-	9.11	101.09
Exchange differences		17.85	289.52						307.37
At March 31, 2017	**3,036.18**	**16,662.50**	**56,961.58**	**1,149.95**	**647.96**	**2,075.26**	**1,000.58**	**470.38**	**82,004.40**
Depreciation/ amortisation									
At April 1, 2015	**-**	**2,397.19**	**13,558.12**	**504.17**	**214.70**	**385.48**	**306.46**	**181.94**	**17,548.06**
Charge for the year	-	448.34	4,256.35	161.82	86.51	168.23	100.24	60.92	5,282.41
Disposals/ Adjustments	-	0.53	29.23	0.22	0.22	-	-	22.85	53.05
At March 31, 2016	**-**	**2,845.00**	**17,785.24**	**665.77**	**300.99**	**553.71**	**406.70**	**220.01**	**22,777.42**
Charge for the year	-	497.15	5,176.22	142.79	98.36	178.98	102.51	54.94	6,250.96
Disposals/ Adjustments	-	22.62	55.83	-	0.34	0.10	-	2.46	81.35
At March 31, 2017	**-**	**3,319.53**	**22,905.63**	**808.56**	**399.01**	**732.59**	**509.21**	**272.49**	**28,947.03**
Net Block									
At April 1, 2015	1,241.96	9,917.72	29,490.98	353.05	272.89	1,320.23	574.87	355.86	43,527.56
At March 31, 2016	1,276.52	10,652.06	29,312.07	352.19	264.25	1,410.26	520.64	258.62	44,046.61
At March 31, 2017	**3,036.18**	**13,342.97**	**34,055.95**	**341.39**	**248.95**	**1,342.67**	**491.37**	**197.89**	**53,057.37**

i) Capital work-in-progress ₹13,230.89 lakhs (March 31, 2016 ₹3,527.77 lakhs, April 01, 2015: ₹ 1,849.97 lakhs)
ii) Represents tangible assets taken over pursuant to scheme of amalgamation with GIL Lifesciences Private Limited

Notes:

Details of capital research and development (refer note 32)

Notes to Standalone financial statements

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

3B. Intangible assets

	Technical Know How	Software	Others	Total Intangible assets
Cost				
At April 1, 2015	**3,189.50**	**215.90**	**8,088.33**	**11,493.73**
Additions	-	135.26	-	135.26
Disposals/ Adjustments	-	-	-	-
At March 31, 2016	**3,189.50**	**351.16**	**8,088.33**	**11,628.99**
Additions	-	102.58	-	102.58
Disposals/ Adjustments	-	-	-	-
At March 31, 2017	**3,189.50**	**453.74**	**8,088.33**	**11,731.57**
Depreciation/amortisation				
At April 1, 2015	**2,584.51**	**24.85**	**195.09**	**2,804.45**
Charge for the year	319.44	49.60	173.26	542.30
Disposals/ Adjustments	-	-	-	-
At March 31, 2016	**2,903.95**	**74.45**	**368.35**	**3,346.75**
Charge for the year	218.29	40.05	625.87	884.21
Disposals/ Adjustments	-	-	-	-
At March 31, 2017	**3,122.24**	**114.50**	**994.22**	**4,230.96**
Net Block				
At April 1, 2015	604.99	191.05	7,893.24	8,689.28
At March 31, 2016	285.55	276.71	7,719.98	8,282.24
At March 31, 2017	**67.26**	**339.24**	**7,094.11**	**7,500.61**

4.Financial Assets

4A. Investments

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Trade Investments			
a. Long term, Unquoted, in fully paid equity shares (at cost unless stated otherwise)			
In subsidiaries			
7,00,000 (March 31, 2016 : 7,00,000, April 01, 2015: 7,00,000) Equity shares fully paid-up in Granules USA Inc.	116.31	116.31	116.31
Nil (March 31, 2016 : 1,38,30,614, April 01, 2015: 29,46,176) Equity shares of ₹10 each fully paid-up in GIL Life Sciences Pvt Ltd	-	1,383.06	294.62
20,00,000 (March 31, 2016 :20,00,000, April 01, 2015: 20,00,000) Equity shares fully paid-up in Granules Pharmaceuticals Inc.	1,225.00	1,225.00	1,225.00
In Joint Ventures			
Granules Biocause Pharmaceutical Co.Ltd	1,819.03	1,819.03	1,819.03
Granules Omnichem Pvt Ltd	4,288.10	4,288.10	3,773.10
b. Investments at fair value through OCI (fully paid)			
In Quoted equity shares			
250 (March 31, 2016 :250, April 01, 2015: 250) Equity shares of Ipca Laboratories Limited	0.07	0.07	0.07

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

4.Financial Assets (contd..)

4A. Investments (contd..)

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
In Unquoted equity shares			
15,142(March 31, 2016 :15,142, April 01, 2015: 15,142) Equity shares of Jeedimetla Effluent Treatment Ltd	59.59	59.59	59.59
34,040(March 31, 2016 :34,040 , April 01, 2015: 34,040) Equity shares of Patancheru Envitotech Ltd	3.41	3.41	3.41
Total	**7,511.50**	**8,894.57**	**7,291.13**
Aggregate book value of quoted investments	0.07	0.07	0.07
Aggregate market value of quoted investments	1.60	1.50	1.60
Aggregate value of unquoted investments	7,511.43	8,894.50	7,291.06
Aggregate amount of impairment in value of investments	-	-	-

4B. Loans (Unsecured considered good unless otherwise stated)

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Loans to subsidiaries			
GIL Life Sciences Pvt Ltd	-	10.20	10.20
Granules Pharmaceuticals Inc.	17,985.29	5,249.76	-
Granules USA Inc.	-	877.82	-
Total	**17,985.29**	**6,137.78**	**10.20**

4C. Other Financial assets

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Security deposits	745.28	594.41	475.30
Total	**745.28**	**594.41**	**475.30**

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

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Advance tax (net off provision for taxes)	466.78	946.16	1,384.15
Total	**466.78**	**946.16**	**1,384.15**

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

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Capital advances	1,649.35	2,351.64	147.76
Total	**1,649.35**	**2,351.64**	**147.76**

Notes to Standalone financial statements

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

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

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Raw materials [includes in transit ₹854.87 lakhs (March 31, 2016: ₹1,098.28 lakhs; April 01,2015: ₹518.87 lakhs)	8,729.92	8,170.70	8,107.54
Raw Materials at Bonded Ware House	2,051.62	1,479.30	1,178.93
Packing materials	890.53	789.50	695.55
Work-in-progress	5,639.65	4,553.86	3,589.71
Finished goods	4,293.31	4,159.07	2,943.01
Stores, spares and consumables	2,153.74	1,860.35	1,424.88
Total	**23,758.77**	**21,012.78**	**17,939.62**

7.Financial Assets

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

		As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Outstanding for a period exceeding six months from the date they are due for payment				
Considered good		1,505.10	378.52	845.64
Doubtful		221.18	-	-
		1,726.28	378.52	845.64
Less: Provision for doubtful receivables		(221.18)	-	-
	(A)	**1,505.10**	**378.52**	**845.64**
Others	**(B)**	45,326.17	44,037.77	40,213.48
Total	**(A+B)**	**46,831.27**	**44,416.29**	**41,059.12**

Refer note 36 for trade receivables due from private companies/partnership firm in which Company's director is a director/partner.
Trade receivables are non-interest bearing and are generally on terms of less than 1 year.

7B. Cash and cash equivalents

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
i) Cash on hand	12.33	15.65	18.07
ii) Balance with banks:			
On current accounts	17.34	381.64	3.22
On EEFC accounts	14.14	28.70	170.42
On unpaid dividend account	31.06	26.05	16.35
Total (ii)	**62.54**	**436.39**	**189.99**
iii) Other bank balance			
Deposits with original maturity of less than twelve months	3,149.74	10,050.39	4,200.27
Margin money deposits*	711.87	567.63	814.76
Total (iii)	**3,861.61**	**10,618.02**	**5,015.03**
Total (i+ii+iii)	**3,936.48**	**11,070.06**	**5,223.09**

* Given against bank guarantees/performance guarantees

Notes to Standalone financial statements

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

7C. Loans

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Loans to employees	139.21	72.90	30.33
Total	**139.21**	**72.90**	**30.33**

7D. Other financial assets

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Interest accrued on deposits	25.13	29.42	18.66
Total	**25.13**	**29.42**	**18.66**

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

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Balance with government authorities	4,784.88	4,501.97	3,872.21
Prepaid expenses	417.97	392.67	386.40
Export incentives receivable	3,380.70	444.55	48.67
Others	75.40	67.68	107.41
Total	**8,658.95**	**5,406.87**	**4,414.69**

9. Share capital

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Authorized Share capital			
50,50,00,000 (March 31, 2016: 34,50,00,000, April 1, 2015: 34,50,00,000) Equity Shares of par value of ₹ 1/- each	5,050.00	3,450.00	3,450.00
	5,050.00	**3,450.00**	**3,450.00**
Issued, Subscribed and fully paid up shares			
22,87,02,770 fully paid up Equity Shares of par value of ₹ 1/- each (March 31, 2016 : 21,67,11,770, April 1, 2015: 20,42,51,540 Equity Shares of ₹ 1/- each)	2,287.03	2,167.12	2,042.52
Total Issued, Subscribed and fully paid-up Share Capital	**2,287.03**	**2,167.12**	**2,042.52**

Notes to Standalone financial statements

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

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

	As at Mar 31, 2017		As at Mar 31, 2016		As at April 01, 2015	
	No.	₹	No.	₹	No.	₹
Number of shares at the beginning of the year	21,67,11,770	2,167.12	20,42,51,540	2,042.52	20,28,11,540	2,028.12
Add: Shares issued on exercise of employee stock options	5,90,000	5.90	11,10,000	11.10	14,40,000	14.40
Add: Shares issued against warrants	1,14,01,000	114.01	1,13,50,230	113.50	-	-
Number of shares at the end of the year	**22,87,02,770**	**2,287.03**	**21,67,11,770**	**2,167.12**	**20,42,51,540**	**2,042.52**

9.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹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, 2017, the amount of interim dividend per share distributed along with final dividend per share recommended by the board to equity shareholders was ₹ 0.90 (March 31, 2016: ₹ 0.65 and April 01, 2015: ₹ 0.50). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at Mar 31, 2017		As at Mar 31, 2016		As at April 01, 2015	
	Numbers	% holding	Numbers	% holding	Numbers	% holding
Krishna Prasad Chigurupati	7,16,79,610	31.34	7,92,30,610	36.56	7,47,35,380	36.59
Tyche Technologies Private Limited	2,68,69,000	11.75	-	-	-	-
Investco Managment LLC	-	-	-	-	2,05,42,000	10.06
Ridgeback Capital Asia Limited	-	-	-	-	1,14,41,350	5.60

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

9.4 Shares reserved for issue under options

For details of shares reserved for issue under Employee stock option scheme (ESOS) of the Company, refer note 29

Notes to Standalone financial statements

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

10. Other equity

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
a) Capital reserves			
Balance at the beginning of the year	455.33	455.33	168.53
Add: Capital reserve arising pursuant to scheme of amalgamation	1,462.20	-	286.80
Balance at the end of the year	**1,917.53**	**455.33**	**455.33**
b) Security premium reserve			
Balance at the beginning of the year	22,489.46	12,028.47	11,906.82
Add: Receipt on exercise of employee stock option scheme (80,000 shares @ ₹ 8.10/- , 1,50,000 shares @ ₹ 13/- and 3,60,000 shares @ ₹ 30.50/-)	135.78	183.22	121.65
Add :Receipt on issue of share warrants (March 31, 2017 : 1,14,01,000 shares @ ₹94.30/-)	10,751.14	10,277.77	-
Balance at the end of the year	**33,376.39**	**22,489.46**	**12,028.47**
c) General reserve			
Balance at the beginning of the year	20,786.74	20,786.74	10,786.74
Add: Transfer from Surplus	10,000.00	-	10,000.00
Balance at the end of the year	**30,786.74**	**20,786.74**	**20,786.74**
d) Other reserve			
Employee stock option	107.74	83.95	84.46
Share based payments reserve	137.06	79.85	-
Money received against share warrants	-	2,716.29	-
Other comprehensive income	186.02	84.15	65.66
Balance at the end of the year	**430.82**	**2,964.24**	**150.12**
e) Retained Earnings			
Balance at the end of the year	19,637.10	17,587.47	7,859.40
Total (a+b+c+d+e)	**86,148.58**	**64,283.25**	**41,280.07**

10.1 Distribution made

	As at Mar 31, 2017	As at Mar 31, 2016
Cash dividends on equity shares declared and paid:		
Final dividend paid in current year for the year ended on March 31, 2016: ₹ 0.20 per share (March 31, 2015: ₹ 0.50 per share)	433.42	1,021.26
Dividend distribution tax on dividend	88.24	207.90
Interim dividend for the year ended on March 31, 2017: ₹ 0.65 per share (March 31, 2016: ₹ 0.45 per share)	1,421.36	928.94
Dividend distribution tax on dividend	289.35	189.11
Dividend of previous year including dividend tax	0.67	3.07
	2,233.04	**2,350.28**

Notes to Standalone financial statements

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

11. Non-current financial liabilities

11A. Long-term borrowings

	Effective interest rate	Maturity	Non-current portion			Current maturities		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31,2017	As at March 31, 2016	As at April 01, 2015
Term Loans (Secured)								
Indian rupee loans from banks	10.60% to 12.25%	9 to 10 Half- yearly equal installments	7,402.50	10,692.50	13,982.50	3,290.00	3,290.00	2,467.50
Foreign currency loan from financial institutions	6-Month LIBOR plus 4.0% to 4.6%.	13 to 15 Half- yearly equal installments	4,987.49	7,671.84	10,211.45	2,529.98	3,127.83	2,879.26
			12,389.99	**18,364.34**	**24,193.95**	**5,819.98**	**6,417.83**	**5,346.76**
Other loans								
Deferred sales tax loan (Unsecured)	Interest free	2020-21	34.25	55.48	62.23	21.23	6.75	1.67
			34.25	**55.48**	**62.23**	**21.23**	**6.75**	**1.67**
Long term maturities of finance lease obligation								
Obligations under finance lease (Secured)			-	1.45	11.23	1.45	8.20	52.84
			-	**1.45**	**11.23**	**1.45**	**8.20**	**52.84**
			12,424.24	**18,421.27**	**24,267.41**	**5,842.66**	**6,432.78**	**5,401.27**
The above amount includes:								
Secured borrowings			12,389.99	18,365.79	24,205.18	5,821.43	6,426.03	5,399.60
Unsecured borrowings			34.25	55.48	62.23	21.23	6.75	1.67
			12,424.24	**18,421.27**	**24,267.41**	**5,842.66**	**6,432.78**	**5,401.27**

Notes to Standalone financial statements

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

The details of loans are as under:

Name of the bank	Outstanding as on March 31, 2017	Outstanding as on March 31, 2016	Outstanding as on April 1, 2015	Sanction Amount	No of installments	Commencement of Installments	Rate of interest
Andhra Bank	5,757.50	7,402.50	8,225.00	8,225.00	10 Half yearly equal installments of ₹ 822.50 lakhs	Feb-16	Upto Nov'15 - 12.25% ; Dec'15 to Nov'15 - 11.25% and 11.2% from Dec'16
Bank of Baroda*	-	-	8,225.00	8,225.00	10 Half yearly equal installments of ₹ 822.50 lakhs	Sep-15	12.25%
State Bank of India*	4,935.00	6,580.00	-	7,402.50	9 Half yearly equal installments of ₹ 822.50 lakhs	Mar-16	10.60%
International Finance Corporation	389.03	1,191.06	1,876.98	US$ 9 Mn	15 Half yearly equal installments of USD 0.6 Mn	Jul-10	5.33%
International Finance Corporation	145.89	446.65	625.66	US$ 1 Mn	1 installment of USD 0.1 Mn & 4 Half yearly equal installments of USD 0.225 Mn	Jul-15	6Libor + 4.6%
International Finance Corporation	3,491.27	4,580.98	5,294.03	US$ 10 Mn	13 Half yearly equal installments of USD 0.77 Mn	Sep-14	6Libor + 4.4% (till Nov 2015) 6Libor + 4.0% (From Dec 2015)
Deutsche Investitions Und Entwicklungsschaft MBh	3,491.27	4,580.98	5,294.03	US$ 10 Mn	13 Half yearly equal installments of USD 0.77 Mn	Sep-14	6Libor + 4.4% (till Nov 2015) 6Libor + 4.0% (From Dec 2015)

*State Bank of India took over the loan from Bank of Baroda in Dec 2015 (O/s – ₹ 7,402.50 lakhs)

i) All secured term loans are secured by a paripassu first charge on fixed assets and a paripassu second charge of the current assets of the Company.

ii) Out of the foreign currency loans from Financial Institutions, an amount of ₹ 3,241.93 Lakhs as on March 31, 2017 (March 31, 2016 : ₹ 3,308.50 Lakhs, April 01, 2015 : ₹ 3,753.96 Lakhs) was further guaranteed by the personal guarantee of the Chairman & Managing Director of the Company. However, during the previous year, DEG has released the personal guarantee of Chairman & Managing Director with effect from December 28, 2015.

iii Deferred sales tax loan is interest free and payable in 14 yearly installments commencing from June 2013 onwards.

12. Net employee defined benefit liability

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Gratuity (refer note 30)	445.43	349.85	260.02
Compensated absences	279.52	208.14	166.72
	724.95	**557.99**	**426.74**

Notes to Standalone financial statements

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

13. Deferred tax liability (net)

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Deferred tax liability			
Income tax at the applicable rate on the difference between the aggregate book written down value and tax written down value of property, plant and equipment	6,874.07	6,682.32	5,801.94
	6,874.07	**6,682.32**	**5,801.94**
Deferred tax asset			
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis			
Employee benefits	384.97	317.44	227.30
VRS	11.23	50.81	90.57
Others	75.18	-	-
	471.38	**368.25**	**317.87**
Deferred tax liability (net)	**6,402.69**	**6,314.07**	**5,484.07**

Reconciliation of deferred tax (net):

	As at Mar 31, 2017	As at Mar 31, 2016
Opening balance	**6,314.07**	**5,484.07**
Add: Tax income during the year recognised in profit or loss	34.70	820.23
Add: Tax income during the year recognised in other comprehensive income	53.92	9.78
Closing balance	**6,402.69**	**6,314.07**

14. Current financial liabilities

14A. Short-term borrowings

	Effective interest rate	Maturity	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Loans repayable on demand from Banks - working capital loans					
Cash credit facilities (secured)	9.75% to 10.70% ; BR plus 85 bps	On demand	721.71	1,548.24	1,598.94
Buyers credit (secured)	LIBOR plus 0.25% to 0.34%		2,895.48	2,619.90	4,446.82
Packing credit loans (secured)	LIBOR plus 0.65% to 1.1%	On demand	20,780.89	10,580.03	5,441.18
Bill discounting (secured)	LIBOR plus 0.65% to 1%		22,985.22	24,537.25	21,650.46
			47,383.30	**39,285.42**	**33,137.40**
The above amount includes					
Secured borrowings			47,383.30	39,285.42	33,137.40
Unsecured borrowings			-	-	-
			47,383.30	**39,285.42**	**33,137.40**

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

Notes to Standalone financial statements

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

14B. Trade payables

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Outstanding dues to micro enterprises and small enterprises	334.83	247.51	242.18
	334.83	**247.51**	**242.18**
Outstanding dues to creditors other than micro enterprises and small enterprises	19,031.36	15,097.27	16,747.11
Outstanding dues to related parties (refer note 35)	1,623.48	2,370.50	1,333.92
	20,654.84	**17,467.77**	**18,081.03**

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled as per agreed terms i.e., 30-120 day terms.

For explanations on the Company's credit risk management processes, refer to Note 39.

14C. Other financial liabilities

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Current maturities of non-current borrowings (refer 11A)	5,842.66	6,432.78	5,401.27
Payable for capital goods	1,139.28	71.76	205.96
Salaries & Bonus payable	960.98	740.70	605.28
Interest accrued but not due on borrowings	68.23	31.98	52.15
Total	**8,011.15**	**7,277.22**	**6,264.66**

15. Other current liabilities

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Advance from customers	671.78	298.36	458.02
Unclaimed dividend	31.06	26.05	16.35
Statutory liabilities	261.99	274.97	244.65
Others	-	10.04	-
Total	**964.83**	**609.42**	**719.02**

16. Net employee defined benefit liability

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Gratuity (refer note 30)	57.23	77.59	51.82
Compensated absences	103.21	80.87	63.94
Total	**160.44**	**158.46**	**115.76**

17. Revenue from operations

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Sale of products (including excise duty)	1,37,327.27	1,35,262.65
Other operating revenue		
Scrap sales	89.63	86.37
Total	**1,37,416.90**	**1,35,349.02**

Notes to Standalone financial statements

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

18. Other income

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Interest income	901.49	588.31
Profit on sale of assets (net)	75.93	-
Other non operating income	474.60	40.39
Total	**1,452.02**	**628.70**

19. Cost of materials consumed

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Raw material consumed		
Opening stock	10,439.50	9,982.01
Add: Purchases	68,310.40	75,602.62
	78,749.90	85,584.63
Less: Closing stock	11,672.07	10,439.50
Total	**67,077.83**	**75,145.13**

20. (Increase)/decrease in work in progress and finished goods

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Inventories at the end of the year		
Finished goods	4,293.31	4,159.07
Work-in-progress	5,639.65	4,553.86
	9,932.96	**8,712.93**
Inventories at the beginning of the year		
Finished goods	4,159.07	2,943.01
Work-in-progress	4,553.86	3,589.71
	8,712.93	**6,532.72**
Total	**(1,220.03)**	**(2,180.20)**

21. Employee benefit expenses

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Salaries, wages and bonus	11,356.57	9,462.69
Contribution to provident and other funds	473.51	407.70
Staff welfare expenses	669.92	684.58
Employee Stock Option Scheme	81.00	79.34
Total	**12,581.00**	**10,634.31**

Notes to Standalone financial statements

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

22. Other expenses

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Consumables & Lab Chemicals	970.61	782.97
Power and fuel	3,867.22	3,497.13
Effluent treatment expenses	805.17	679.33
Analytical Fees	187.53	195.26
Other Manufacturing expenses	277.34	487.63
Repairs and maintenance		
Plant and machinery	2,997.30	2,336.10
Buildings	349.90	335.48
Others	393.11	297.38
Rent	251.97	241.12
Rates and taxes	884.15	660.56
Printing and stationery	136.66	130.38
Insurance	329.69	356.66
Directors sitting fees	38.80	38.18
Remuneration to statutory auditors (refer note 33)	22.00	20.00
Managerial Remuneration	2,104.26	1,855.45
Sales commission	1,680.68	1,694.13
Carriage outwards & Clearing Charges	5,496.73	4,275.77
Research & Development Expenses	2,498.35	1,531.11
Business Promotion Expense	298.85	367.11
Communication Expenses	138.55	143.90
Consultancy Charges	555.05	588.50
Travelling and conveyance	1,155.84	1,215.64
Advertisement Charges	1.65	6.49
Donations	18.40	5.69
Loss on sale of fixed assets (net)	-	15.49
Bad Debts written off	-	24.07
Provision for doubtful debts	221.18	-
Corporate social responsibility expenditure (refer 25A)	276.16	140.04
Foreign exchange loss/(gain) (net)	555.35	(38.23)
Sundry expenses	416.92	294.49
Total	**26,929.42**	**22,177.83**

23. Depreciation and Amortisation

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Depreciation and amortisation	7,135.16	5,824.71
Total	**7,135.16**	**5,824.71**

Notes to Standalone financial statements

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

24. Finance costs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Interest		
Term loan	1,920.71	2,365.78
Working Capital	749.54	640.35
Others	48.72	69.75
Bank charges	497.44	628.69
Total	**3,216.41**	**3,704.57**

25. Components of Other Comprehensive Income (OCI)

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Re-measurement gains/(losses) on employee defined benefit plans	155.79	28.27
Deferred tax effect on remeasurement costs	53.92	9.78
Total	**101.87**	**18.49**

25A. Details of CSR expenditure

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
(a) Gross amount required to be spent by the Company during the year:	272.32	198.98
(b) Amount spent during the year ended:		
(i) Construction/acquisition of any asset	-	1.60
(ii) On purposes other than (i) above	276.16	138.44
(c) Amount unspent during the year ended:	(3.84)	58.94

26.Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2017 and for the year ended March 31, 2016 are:

Profit or loss section

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Current tax	6,362.95	5,197.28
Deferred tax charge/ (credit)	88.62	830.01
Total income tax expense recognised in statement of Profit & Loss	**6,451.57**	**6,027.29**

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

(b) Reconciliation of effective tax rate:

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Profit Before Tax (A)	20,680.32	18,095.86
Enacted tax rate in India (B)	0.35	0.35
Expected tax expenses (C = A*B)	7,157.05	6,262.62
Additional deduction under Income Tax Act, 1961	(867.95)	(436.61)
Expenses disallowed under Income Tax Act, 1961	162.47	100.45
Effect due to change in tax rate	-	100.83
Income tax expenses	**6,451.57**	**6,027.29**

(c) The details of component of deferred tax assets are given under note 13.

27.Earning per equity share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Profit for the year	**14,282.67**	**12,078.35**
Weighted average number of equity shares considered for calculation of basic earnings per share	2,188.24	2,066.99
Add: Effect of dilution		
Effect of dilution on account of Employee Stock Options granted	11.21	18.42
Effect of dilution on account of Share Warrants	-	23.43
Weighted average number of equity Shares considered for calculation of diluted earnings per share	**2,199.45**	**2,108.84**
Earnings per share		
Basic	6.53	5.84
Diluted	6.49	5.73

28. Commitments and Contingencies

A. Leases

Operating lease commitments - Company as lessee

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable / cancellable at the option of either of the parties.

There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognised in the Statement of Profit and Loss is ₹251.97 lakhs (March 31, 2016: ₹ 241.12 lakhs).

The Company has not recognised any contingent rent as expense in the Statement of Profit and Loss.

Notes to Standalone financial statements

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

B. Capital and other commitments

Particulars	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	17,398.95	6,822.53	1,730.26
Other commitments	Nil	Nil	Nil

C.Contingent liabilities

Particulars	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Corporate guarantees for loans taken by Joint Venture**	12,464.57	13,571.10	12,096.00
Claims arising from disputes not acknowledged as debts - indirect taxes (excise duty and service tax)*	323.72	294.96	322.17
Claims arising from disputes not acknowledged as debts - direct taxes*	68.93	122.83	1,182.43
Claims against the Company not acknowledged as debts - Customs claims*	43.47	43.47	43.47

* in respect of above matters, future cash outflows in respect of contingent liabilities are determinable only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

**Business requirement in respective of Joint Venture.

29. Share based payments

Granules India Limited – Employee Stock Option Scheme 2009 (“ESOS-2009’)

Pursuant to the decision of the shareholders at their meeting held on 25th September, 2009, the Company has formulated an Employee Stock Option Scheme 2009 to be administered by the 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 1,00,48,070 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 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 five tranches viz. Grant I, Grant II, Grant III , Grant IV & Grant V. The options granted under the Plan shall start vesting in tranches after one year from the date of grant and not more than two, three and five years (differs from optionee to optionee) under Grant I, five years under Grant II & III and four years under Grant IV & V from the respective date of grant of the options.

The exercise price being equal to the closing market price prevailing on the date prior to the date of grant, there is no defered compensation cost to be amortized over the vesting period.

The details of activity under the Scheme are summarised below :

	Mar 31, 2017	Mar 31, 2016
Options outstanding at the beginning of the year	23,50,000	34,80,000
Add Granted during the year	2,00,000	-
Less: Exercised during the year	5,90,000	11,10,000
Less: Lapsed/Cancelled during the Year (Grant I)	3,90,000	20,000
At the end of the year	15,70,000	23,50,000
The weighted average share price at the date of exercise of options	24.01	17.51

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

For options exercised during the year, the weighted average share price at the exercise date under ESOS 2009 scheme was ₹ 24.01 per share (March 31, 2016: 17.51, April 01, 2015: ₹ 9.53) The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	Mar 31, 2017			
	Grant V	Grant IV	Grant II	Grant I
Dividend yield	0.49%	1.11%	1.43%	2.20%
Expected volatility	23.43%	41.17%	46.68%	43.84%
Risk-free interest rate	8.00%	8.00%	8.00%	8.00%
Weighted average share price of ₹	175.01	44.00	20.49	12.91
Exercise price of ₹	133.00	31.50	14.00	9.10
Expected life of options granted in years	4 Years	4 Years	5 Years	5 Years

	Mar 31, 2016		
	Grant IV	Grant II	Grant I
Dividend yield	1.11%	1.43%	2.20%
Expected volatility	41.17%	46.68%	43.84%
Risk-free interest rate	8.00%	8.00%	8.00%
Weighted average share price of ₹	44.00	20.49	12.91
Exercise price of ₹	31.50	14.00	9.10
Expected life of options granted in years	4 Years	5 Years	5 Years

	April 01, 2015		
	Grant IV	Grant II	Grant I
Dividend yield	1.11%	1.43%	2.20%
Expected volatility	41.17%	46.68%	43.84%
Risk-free interest rate	8.00%	8.00%	8.00%
Weighted average share price of ₹	44.00	20.49	12.91
Exercise price of ₹	31.50	14.00	9.10
Expected life of options granted in years	4 Years	5 Years	5 Years

30.Employee benefits

a) Defined contribution plan

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Contribution to provident and other funds recognised as expense in the Statement of Profit and Loss	473.51	407.70	291.64

Notes to Standalone financial statements

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

b) Disclosures related to defined benefit plan

The Company has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service. The scheme is funded with Life Insurance Corporation in the form of a qualifying insurance policy. The following tables summarise the components of net benefit expense recognised in the statement of profit and loss, the fund status and balance sheet position:

A) Net employee benefit expense (included under employee benefit expenses)

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Current service cost	255.18	121.80	122.52
Interest cost on benefit obligation	40.54	30.67	26.67
Expected return on plan assets	(7.11)	(6.55)	(6.72)
Net employee benefit expenses	**288.62**	**145.92**	**142.47**

B) Amount recognised in the Balance Sheet

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Defined benefit obligation	620.84	506.79	394.20
Fair value of plan assets	118.19	79.35	82.36
Net Plan Liability	**502.65**	**427.44**	**311.84**

C) Changes in the present value of the defined benefit obligation for Gratuity are as follows

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Opening defined benefit obligation	506.79	394.20	303.51
Current service cost	255.18	121.80	122.52
Interest cost	40.54	30.67	26.67
Benefits paid	(25.88)	(5.06)	(28.35)
Net Actuarial (gains)/losses on obligation for the year recognised under OCI	(155.79)	(34.82)	(30.15)
Closing defined benefit obligation	**620.84**	**506.79**	**394.20**

D) Changes in fair value of plan assets

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Opening fair value of plan assets	79.35	82.36	75.90
Adjustment to opening balance	6.73	2.05	9.80
Expected return	7.11	6.55	2.09
Contributions by employer	25.00	-	25.00
Actuarial Gain/(Loss) on plan assets	-	(6.55)	(2.09)
Benefits paid	-	(5.06)	(28.34)
Closing fair value of plan assets	**118.19**	**79.35**	**82.36**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Investments with Life Insurance Corporation	100%	100%	100%

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

E) Amount recognised in statement of other comprehensive income (OCI):(gross)

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Remeasurement for the year - Obligation gain	155.79	28.27	23.42

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Discount rate	8.00%	7.46%	7.83%
Expected rate of return on assets	8.25%	8.25%	8.25%
Salary rise	8.00%	8.00%	10.00%
Attrition Rate	20.00%	20.00%	18.00%

1. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

2. The expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Disclosure related to indication of effect of the defined benefit plan on the entity's future cashflows:

Expected benefit payments for the year ending:

Year ending	Mar 31, 2017	Mar 31, 2016
March 2017	-	47.02
March 2018	52.79	42.23
March 2019	60.96	48.77
March 2020	69.98	55.98
March 2021	78.95	63.16
March 2022	87.94	70.35

The average duration of the defined benefit plan obligation at the end of the reporting year is 29.13 years (March 31, 2016: 29.71 years and April 01, 2015: 29.41 years).

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
(a) Effect of 1% change in assumed discount rate		
1% increase	614.35	501.49
1% decrease	628.04	570.99
(b) Effect of 1% change in assumed salary escalation rate		
1% increase	699.49	503.94
1% decrease	558.50	512.66
(c) Effect of 1% change in assumed attrition rate		
1% increase	617.35	455.90
1% decrease	628.04	512.66

Notes to Standalone financial statements

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

31.Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	334.83	247.51	242.18
ii) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
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 Micro, Small and Medium Enterprise Development Act, 2006.	-	-	-

32. Research and development expenses

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

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Capital	115.02	275.02	629.41
Revenue	2,498.35	1,531.11	840.39
Total	**2,613.37**	**1,806.13**	**1,469.80**

33.Remuneration to statutory auditors

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
As Auditor	19.00	17.00	15.00
Tax Audit	3.00	3.00	3.00
Total	**22.00**	**20.00**	**18.00**

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

34. Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
1 Granules USA, Inc.	Wholly owned subsidiary company
2 GIL Life sciences Private Limited	Wholly owned subsidiary company (Amalgamated with Granules India Limited - refer note 47)
3 Granules Pharmaceuticals, Inc.	Wholly owned subsidiary company
4 Granules Europe Limited	Wholly owned subsidiary company
5 Granules-Biocause Pharmaceutical Co. Ltd	Joint venture
6 Granules Omnichem Private Limited	Joint venture
7 Karvy Computershare Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
8 Tyche Technologies Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
Key managerial personnel	
1 Mr.Krishna Prasad Chigurupati	Chairman & Managing Director
2 Mr.Harsha Chigurupati (Upto Oct 30, 2015)	Executive Director
3 Mrs. Uma Devi Chigurupati	Executive Director
4 Dr. V.V.N.K.V. Prasad Raju (w.e.f Jan 4, 2017)	Executive Director
5 Mr. V.V.S.Murthy	Chief Financial Officer
6 Mrs. Chaitanya Tummala	Company Secretary
Relatives to key managerial personnel	
1 Ms.Priyanka Chigurupati	Manager-Marketing
2 Mrs.V.V.N.Chandrika (Upto Mar 01, 2016)	Executive

35. Transactions during the year

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
a) Subsidiary companies			
i) Granules USA, Inc.			
Revenue	33,439.48	26,884.82	18,302.26
Interest on Loans given	5.03	17.61	-
Loans given	-	860.21	-
Loans repaid	877.82	-	-
ii) Granules Pharmaceuticals, Inc.			-
Interest on Loans given	455.21	88.50	-
Loans given	12,280.32	5,161.26	-
Equity Subscribed	-	-	1,225.00
iii) GIL Life sciences Private Limited (Amalgamated with Granules India Limited - refer note 47)			-
Equity Subscribed	-	1,088.44	-
b) Joint Ventures			
i) Granules Omnichem Private Limited			-
Revenue	-	-	6.02
Purchases	-	6.15	16.91
Equity Subscribed	-	515.00	1,703.10
Corporate Guarantee to Joint Venture	12,464.57	13,571.10	12,096.00
ii) Granules-Biocause Pharmaceutical Co. Ltd			
Purchases	5,619.73	3,777.74	5,239.81

Notes to Standalone financial statements

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

35. Transactions during the year (contd..)

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
c. Transactions with enterprises over which key management personnel or their relatives exercise significant influence			
i) Karvy Computershare Private Limited			
Registrar Services	18.32	6.99	3.77
ii) Tyche Technologies Private Limited			
Rent	47.82	45.11	42.56
Money received against Warrants	8,148.86	9,630.30	-
d. Transactions with key managerial personnel or their relatives			
i) Mr.Krishna Prasad Chigurupati			
Managerial Remuneration	1,136.63	998.66	737.60
Money received against Warrants	-	3,477.26	-
ii) Mrs. Uma Devi Chigurupati			
Managerial Remuneration	909.31	798.94	590.08
iii) Mr.Harsha Chigurupati (Paid Upto July 31, 2015)			
Managerial Remuneration	-	57.85	147.52
Sitting fees (Paid since November 30, 2015)	2.00	0.80	-
iv) Dr. V.V.N.K.V. Prasada Raju (w.e.f Jan 4, 2017)			
Managerial Remuneration	58.33	-	-
v) Mr. V.V.S.Murthy			
Salary	216.49	167.18	118.52
vi) Ms.Priyanka Chigurupati			
Salary	12.58	11.88	11.84
vii) Mrs.V.V.N.Chandrika			
Salary	-	2.31	1.92
viii) Mrs. Chaitanya Tummala			
Salary	23.12	19.45	16.01
ix) Mrs. Shivangi Sharma			
Salary	-	-	7.64

36. Closing Balances

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
a) Subsidiary Companies			
i) Granules USA, Inc.			
Investment in subsidiary	116.31	116.31	116.31
Trade Receivables	13,915.10	13,948.11	11,428.08
Loan to subsidiaries	-	877.82	-
ii) Granules Pharmaceuticals, Inc.			
Investment in subsidiary	1,225.00	1,225.00	1,225.00
Loan to subsidiaries	17,985.29	5,249.76	-
iii) GIL Life sciences Private Limited (Amalgamated on Oct 26, 2016 - refer note 47)			
Investment in subsidiary	-	1,383.06	294.62
Loan to subsidiaries	-	10.20	10.20
b) Joint Ventures			
i) Granules Omnichem Private Limited			
Investment in subsidiary	4,288.10	4,288.10	3,773.10
Trade Receivables	-	-	3.68
Trade Payables	-	3.54	-
ii) Granules-Biocause Pharmaceutical Co. Ltd			
Investment in subsidiary	1,819.03	1,819.03	1,819.03
Trade Payables	1,623.48	2,366.96	1,333.92

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

36. Closing Balances (contd..)

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
c) Enterprises over which key management personnel or their relatives exercise significant influence			
i) Karvy Computershare Private Limited			
Advance	0.62	2.23	-
ii) Tyche Technologies Private Limited			
Advance	44.58	44.58	44.58
Rental Deposit	20.00	20.00	20.00
Subscription Money towards warrants	-	2,716.29	-

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.

37. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(A) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

(i) Lease commitments - the Company as lessee

The Company has entered into leases for office premises . The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the land and office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the land and the office premises and accounts for the contracts as operating leases.

(B) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimation requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Black Scholes valuation model has been used by the Management for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 29.

(ii) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables.Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 30.

Notes to Standalone financial statements

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

38. Fair Values

The management assessed that loans, cash and cash equivalents, trade receivables, 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.

39. Financial risk management objectives and policies

Financial Risk Management Framework

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

Credit Risk

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

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 46,831.27 lakhs, ₹ 44,416.29 lakhs and ₹ 41,059.12 lakhs as of March 31, 2017, March 31, 2016 and April 1, 2015 respectively, being the total of the carrying amount of balances with trade receivables.

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 some customer contributes around 30% of outstanding trade receivable as of March 31, 2017, March 31, 2016 and April 01, 2015, however there was no default on account of those customer in the past.

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.

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.

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.

(All amounts are in Indian Rupees lakhs 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 Company's debt obligation with floating interest rates are in USD 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.

As the company has no significant interest bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

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 US Dollar against the functional currencies of the Company.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under -

	In foreign currency-USD			In ₹		
Particulars	**Mar 31, 2017**	**Mar 31, 2016**	**April 01,2015**	**Mar 31, 2017**	**Mar 31, 2016**	**April 01, 2015**
Borrowings	115.94	163.38	209.22	7,517.47	10,799.67	13,090.71
Trade receivables	168.19	101.35	128.50	10,905.12	6,698.96	8,040.00
Loans and advances	277.39	92.70	-	17,985.29	6,127.58	-
Trade payables	68.75	63.17	161.82	4,457.72	4,175.73	10,124.91
Short-term Borrowings	365.16	199.70	158.03	23,676.37	13,199.93	9,888.00

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between Indian rupees and U.S. dollar will affect the Company's profit by approximately 0.33 % and 0.85% respectively.

40. Imported and indigenous raw materials, stores and spares and lab chemicals consumed (excluding expenses incurred during construction period)

	Mar 31, 2017		Mar 31, 2016		April 01, 2015	
Particulars	%	₹	%	₹	%	₹
Raw Materials consumed						
Imported	63%	42,206.14	58%	43,468.04	60%	43,229.57
Indigenous	37%	24,871.69	42%	31,677.09	40%	28,547.55
Total	**100%**	**67,077.83**	**100%**	**75,145.13**	**100%**	**71,777.12**
Spare parts						
Imported	14%	342.74	21%	327.65	27%	308.06
Indigenous	86%	2,052.86	79%	1,200.25	73%	812.32
Total	**100%**	**2,395.60**	**100%**	**1,527.90**	**100%**	**1,120.38**

41.Value of imports calculated on CIF basis

Particulars	**For the year ended Mar 31, 2017**	**For the year ended Mar 31, 2016**	**For the year ended April 01, 2015**
Raw materials	38,841.14	40,906.09	43,158.05
Capital goods	2,330.69	672.38	1,328.67
Components and Spare Parts	315.77	374.09	308.06
Total	**41,487.20**	**41,952.16**	**44,794.38**

Notes to Standalone financial statements

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

42.Expenditure in foreign currency

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Travel	128.47	168.13	180.64
Sales commission	1,328.95	1,449.35	1,139.69
Consultancy Charges	211.70	165.56	653.23
Interest	503.25	663.44	775.28
Dividend Paid (including interim dividend)	1.48	4.21	118.77
Others	723.10	592.31	277.71
Total	**2,896.94**	**3,043.40**	**3,145.72**

43. Earnings in foreign currency

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Exports on F.O.B. basis	99,263.72	1,01,189.69	92,072.57
Total	**99,263.72**	**1,01,189.69**	**92,072.57**

44. Segment Reporting

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

	For the year ended Mar 31, 2017			For the year ended Mar 31, 2016		
Particulars	**Outside India**	**Within India**	**Total**	**Outside India**	**Within India**	**Total**
Revenue	110,912.56	26,504.34	137,416.90	106,135.73	29,213.29	135,349.02
Non-current operating assets	-	67,937.61	67,937.61	-	49,926.02	49,926.02

Non-current operating assets for this purpose consist of property, plant and equipment, capital work in progress and other non-current assets.

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

45. Capital management

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

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by Equity plus net debt. Net debt consists of borrowings including interest accrued on borrowings, trade and other payables, less cash and short-term deposits.

	As at Mar 31, 2017	As at Mar 31, 2016
Borrowings including interest accrued on borrowings	65,718.43	64,171.45
Trade and other payables (Note 14B)	20,989.67	17,715.28
Other liabilities (Note 14C)	2,100.27	812.46
Less: cash and short-term deposits (Note 7B)	(3,936.48)	(11,070.06)
Net debt	**84,871.89**	**71,629.13**
Equity	2,287.03	2,167.12
Other Equity	86,148.58	64,283.25
Total Equity	**88,435.61**	**66,450.37**
Equity and net debt	**173,307.50**	**138,079.50**
Gearing ratio	0.49	0.52

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 period. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2017.

46. First time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first set of financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP").

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

(a) Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before April 1, 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Company recognises all assets acquired and liabilities assumed in a past business combination. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Company did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

Notes to Standalone financial statements

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

(b) As per IND- AS 20, benefit of a government loan at nil or below-market rate of interest (e.g. interest free sales tax deferral scheme) is treated as a government grant. A first time adopter can apply requirements in IND- AS 109 prospectively or retrospectively to government loans existing at the date of transition to IND- AS. Accordingly, the Company has chosen to use Indian GAAP carrying values as its carrying value under IND-AS and apply principles of IND-AS 109 prospectively

(c) The Company has elected to regard carrying values for all of property, plant and equipment as deemed cost at the date of the transition.

(d) The Company applied Ind AS 102 Share-based payment to equity instruments that remain unvested as of transition date.The Company has elected to avail this exemption and apply the requirements of Ind AS 102 to all such grants.Accordingly,these options have been measured at fair value as against intrinsic value previously under IGAAP.

(e) Ind AS 101 requires a first-time adopter to apply derecognition requirements in Ind AS 109 prospectively to transactions occurring on or after the date of transition to Ind AS. Accordingly, the Company continues to de-recognise the financial assets and financial liabilities for transactions which have occurred before the date of transition to Ind AS.

(f) The Company has elected to avail Ind AS 101 exemption with regard to Long Term Foreign Currency Monetary Items and may continue to adopt for accounting for exchange differences arising from translation of long-term foreign currency monetary items to be recognised in financial statements.

(g) Under Ind AS 109, at initial recognition of a financial asset, an entity may take irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial asset as 'fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS. Accordingly, the Company has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

(h) In the preparation of separate financial statements, Ind AS 27 Separate Financial Statements requires an entity to account for its investments in subsidiaries, jointly controlled entities and associates either:

a) At cost, or
b) In accordance with Ind AS 109.

If a first-time adopter measures such an investment at cost, it can measure that investment at one of the following amounts in its separate opening Ind AS balance sheet :

- Cost determined in accordance with Ind AS 27
- Deemed cost, defined as

    Fair value determined in accordance with Ind AS 113 at the date of transition to Ind AS, or

    Previous GAAP carrying amount at the transition date.

A first-time adopter may choose to use either of these bases to measure investment in each subsidiary, joint venture or associate where it elects to use a deemed cost.

Accordingly, the Company has opted to carry the investment in subsidiaries and associate at the Previous GAAP carrying amount at the transition date.

Estimates

The estimates as at April 01, 2015 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2015 (transition date), March 31, 2016 and March 31, 2017.

Notes to Standalone financial statements

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

A Reconciliation of equity as at April 01, 2015 (date of transition to Ind-AS)

	Notes	Previous GAAP	Adjustments	Ind AS
Assets				
Non-current assets				
Property, plant and equipment		43,527.56	-	43,527.56
Capital work-in-progress		1,849.97	-	1,849.97
Intangible assets		8,689.28	-	8,689.28
Financial assets				
Investments	i	7,247.20	43.93	7,291.13
Loans		10.20	-	10.20
Others		475.30	-	475.30
Non current tax assets		1,384.15	-	1,384.15
Other non-current assets	ii	331.47	(183.71)	147.76
		63,515.13	**(139.78)**	**63,375.35**
Current assets				
Inventories		17,939.62	-	17,939.62
Financial assets				
Trade receivables	iii	19,409.00	21,650.12	41,059.12
Cash and cash equivalents		5,223.09	-	5,223.09
Loans		30.33	-	30.33
Others		18.66	-	18.66
Other current assets	ii	4,536.69	(122.00)	4,414.69
		47,157.38	21,528.12	68,685.51
Total assets		**1,10,672.51**	**21,388.34**	**1,32,060.86**
Equity and liabilities				
Equity				
Equity share capital	i, ii, iv,v & vi	2,042.52	-	2,042.52
Other equity		40,498.41	781.66	41,280.07
		42,540.93	**781.66**	**43,322.59**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings		24,267.41	-	24,267.41
Net employee defined benefit liability	iv	396.98	29.76	426.74
Deferred tax liabilities	v	5,328.10	155.96	5,484.07
		29,992.49	**185.72**	**30,178.22**
Current liabilities				
Financial liabilities				
Borrowings	iii	11,487.28	21,650.12	33,137.40
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		242.18	-	242.18
Total outstanding dues of creditors other than micro enterprises and small enterprises		18,081.03	-	18,081.03
Other financial liabilities		6,264.66	-	6,264.66
Other liabilities		719.02	-	719.02
Net employee defined benefit liability	vi	1,344.92	(1,229.16)	115.76
		38,139.08	**20,420.96**	**58,560.05**
Total equity and liabilities		**1,10,672.51**	**21,388.34**	**1,32,060.86**

Notes to Standalone financial statements

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

B Reconciliation of equity as at March 31, 2016

	Notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		44,046.61	-	44,046.61
Capital work-in-progress		3,527.77	-	3,527.77
Intangible assets		8,282.24	-	8,282.24
Financial assets				
Investments	i	8,850.64	43.93	8,894.57
Loans		6,137.78	-	6,137.78
Others		594.41	-	594.41
Non Current tax assets		946.16	-	946.16
Other non-current assets	ii	2,420.95	(69.31)	2,351.64
		74,806.56	**(25.38)**	**74,781.18**
Current assets				
Inventories		21,012.78	-	21,012.78
Financial assets				
Trade receivables	iii	19,879.04	24,537.25	44,416.29
Cash and cash equivalents		11,070.06	-	11,070.06
Loans		72.90	-	72.90
Other financial assets		29.42	-	29.42
Other current assets	ii	5,521.19	(114.32)	5,406.87
		57,585.39	**24,422.93**	**82,008.32**
Total assets		**1,32,391.95**	**24,397.55**	**1,56,789.50**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		2,167.12	-	2,167.12
Other equity	i, ii, iv,v,vi & ix	64,129.36	153.89	64,283.25
		66,296.48	**153.89**	**66,450.37**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings		18,421.27		18,421.27
Net employee defined benefit liability	iv	528.23	29.76	557.99
Deferred tax liabilities (net)	v	6,115.81	198.26	6,314.07
		25,065.31	**228.02**	**25,293.33**
Current liabilities				
Financial liabilities				
Borrowings	iii	14,748.17	24,537.25	39,285.42
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		247.51		247.51
Total outstanding dues of creditors other than micro enterprises and small enterprises		17,467.77		17,467.77
Other financial liabilities		7,277.22		7,277.22
Other current liabilities		609.42		609.42
Net employee defined benefit liability	vi	680.08	(521.61)	158.47
		41,030.16	**24,015.64**	**65,045.80**
Total equity and liabilities		**1,32,391.95**	**24,397.55**	**1,56,789.50**

C Reconciliation of Statement of Profit and Loss for the year ended March 31, 2016

	Notes	Previous GAAP	Adjustments	Ind AS
Income				
Revenue from operations (gross)	vii & viii	1,32,849.38	2,499.64	1,35,349.02
Other income		628.70	-	628.70
Total revenue		**1,33,478.08**	**2,499.64**	**1,35,977.72**
Expenses				
Cost of materials consumed		75,145.13	-	75,145.13
Increase in work in progress and finished goods		(2,180.20)		(2,180.20)
Excise duty on sales	viii	-	2,575.51	2,575.51
Employee benefit expenses	ix & x	10,526.70	107.61	10,634.31
Other expenses	ii, vii & xi	22,413.86	(236.03)	22,177.83
Depreciation / amortisation		5,824.71	-	5,824.71
Finance costs	xi	3,666.35	38.22	3,704.57
Total expenses		**1,15,396.55**	**2,485.31**	**1,17,881.86**
Profit before tax		**18,081.53**	**14.33**	**18,095.86**
Tax expense				
Current tax		5,197.28	-	5,197.28
Deferred tax charge	ii & x	787.81	32.42	820.23
Total tax expense		**5,985.09**	**32.42**	**6,017.51**
Profit for the year		**12,096.44**	**(18.09)**	**12,078.35**
Other Comprehensive Income (OCI)				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains / (losses) on employee defined benefit plans	x	-	28.27	28.27
Deferred tax charge		-	9.78	9.78
Total other comprehensive income for the year, net of tax		**-**	**18.49**	**18.49**
Total comprehensive income for the year, net of tax		**12,096.44**	**0.40**	**12,096.84**

D. Notes to reconciliation of equity as at April 01, 2015 and March 31, 2016 and profit or loss for the year ended March 31, 2016

i. Investments

Investments in equity instruments are carried at fair value through OCI as per IND-AS 109 as compared to being carried at cost under Previous GAAP

ii. Unamortized expenses

The Company carried unamortized VRS expenditure of ₹ 168.67 lakhs (April 1, 2015: ₹290.72 lakhs) and certain preliminary expense of ₹15.00 lakhs (April 1, 2015: ₹15.00 lakhs) under Previous GAAP. As the same do not meet the definition of assets, have been adjusted against in opening reserves.

iii. Bill discounting with Banks

The company had discounted certain export bills under recourse method. The Company was de-recognising the same under Previous GAAP. As per Ind AS 109, "if the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognise the financial asset". As the bills were discounted under recourse method, the Company has recognised both receivable and borrowings.

iv. Compensated Absences

As per Ind AS 19,the Company recognised a liability in the books for accumulated sick leaves, net of related deferred taxes as per certified valuer to an extent of ₹ 29.76 lakhs.

v. Deferred Tax Liabilities

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the Balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Previous GAAP. In addition, the various transitional adjustments lead to temporary

Notes to Standalone financial statements

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

differences and the Company has accounted for such differences. Deferred tax adjustment are recognised in correlation to the underlying transaction in other equity.

vi. Proposed dividend:

Under Previous GAAP, proposed dividends including DDT are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability towards dividend for the year ended March 31, 2016 and April, 1, 2015 to an extent of ₹521.61 lakhs and ₹1,229.16 lakhs respectively, has been derecognised against retained earnings and adjusted as an appropriation for the year ended March 31, 2017 and March 31, 2016.

vii. Revenue

Trade discounts allowed to an extent of ₹75.88 lakhs shown as an expense in Previous GAAP is adjusted against revenue as per Ind -AS 18.

viii. Excise Duty on sale of Goods

As per Previous GAAP, excise duty should be included and shown as reduction from the gross turnover on the statement of profit and loss. However, Ind AS 18 does not specifically prescribe any guidance for inclusive presentation of excise duty. Accordingly the Company has presented revenue gross of excise duty. This resulted in increase of revenue and increase of excise duty expense to an extent of ₹ 2,575.51 lakhs. Further, amounts collected by the seller on behalf of the government are not be included as part of the revenue as per IND-AS 18.

ix. Share based payments:

The Company has granted employee stock options to certain employees of the Company or its subsidiaries. Under Previous GAAP as both intrinsic value or fair value method were allowed for the purpose of accounting of the compensation cost, the Company has accounted the same on intrinsic value method. However, as per IND- AS 102, the Company has to account for the same only on fair value method. Accordingly, for employee stock options not vested before date of transition, the Company has accounted for such options under fair value method. Thus, the employee benefit cost is increased by ₹ 79.34 lakhs.

x. Remeasure of actuarial gains/ (losses):

Both under Previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost is increased by ₹ 28.27 lakhs and remeasurement gains/ losses on defined benefit plans has been recognized in the OCI.

xi. Foreign exchange loss

Foreign exchange loss re-grouped from finance cost to other expenses

xii. Other comprehensive income

As per Ind AS, the company translated Previous GAAP profit or loss to total comprehensive income .

xiii. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

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

47. During the year, the Hon'ble High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh has approved the scheme of amalgamation ("Scheme") of GIL Lifesciences Private Limited, a wholly owned subsidiary of the Company and the Company by its order dated September 01, 2016 and the same has been filed with Registrar of Companies ("ROC") on October 26, 2016. In terms of the scheme, with effect from April 01, 2016 ("Appointed date"), interalia, the following effect has been given as directed by the court;

a) The Company has recorded assets and liabilities of GIL Lifesciences Private Limited at their respective fair values.

b) Intercompany investments, balances and transactions have been eliminated.

c) There is no impact on the profit on account of the above scheme.

48. Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016. The denomination wise SBNs and other notes as per the notification is given below:

	SBNs*	**Other denomination notes**	**Total**
Closing cash in hand as on November 08, 2016	76,500	34,624	111,124
Add: Permitted receipts	-	1,706,629	1,706,629
Less: Permitted payments	-	(1,619,760)	(1,619,760)
Less: Amount deposited in banks	(76,500)	-	(76,500)
Closing cash in hand as on December 30, 2016	-	121,493	121,493

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

49. Figures in Balance Sheet, Statement of Profit and Loss and Notes to audited financial statements have been rounded off to the nearest thousand and have been expressed in terms of decimals of thousands.

As per our report of even date.
For **Kumar & Giri**
Chartered Accountants
FRN 001584S

J.Bhadra Kumar
Partner
Membership No.025480

Place: Hyderabad
Date: May 11, 2017

For and on behalf of the **Board of Directors**

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN-00020180

Chaitanya Tummala
Company Secretary

V.V.S.Murthy
Chief Financial Officer

Independent Auditor's Report

To The Members of Granules India Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated financial statements of M/s Granules India Limited (the " Holding Company"), its subsidiaries (the Holding Company, its subsidiaries together referred to as "the Group"), and jointly controlled entities , comprise the consolidated Balance Sheet as at 31 March, 2017, the consolidated Statement of Profit and Loss (including other comprehensive income) and consolidated statement of Cash Flows and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors are responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income and consolidated cash flows and consolidated changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. 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 the Group and for preventing and detecting frauds and other irregularities; the 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 Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and rules thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves examining on a test basis, evidence supporting the amounts and disclosures in the consolidated Ind AS financial statements. Audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that our audit provides a reasonable basis for our opinion.

As stated in the Other Matters paragraph below, our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and jointly controlled entities not audited by us, is based solely on the reports of such other auditors.

We report that the consolidated Ind AS financial statements have been prepared by the Company's management in-accordance with the requirements of Accounting Standards (Ind AS) 110, Consolidated Financial Statements and Accounting Standard (Ind AS) 111, Joint Arrangements, specified under Section 133 of the Act, read with relevant rules issued thereunder.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries and jointly controlled entities referred below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS:

(i) In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2017;

(ii) In the case of the consolidated Statement of Profit and Loss Account including other comprehensive income, of the profit for the year ended on that date; and

(iii) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

(iv) In the case of the consolidated changes in equity, of the changes in equity for the year ended on that date.

Other Matters

We did not audit the financial statements of the subsidiaries and the joint-ventures. The financial statements of each of subsidiary and joint ventures, other than Granules Biocause Pharmaceutical Co. Ltd are drawn up to the same reporting date i.e. year ended March 31, 2017, and Audited financial statements of Granules Biocause Pharmaceutical Co. Ltd for the year ended December 31, 2016 (previous year financial statements up to December 31st, 2015) for the purpose of consolidation, the above financial statements / financial information of subsidiaries reflect total assets of ₹34,150.25 lakhs as at 31st March, 2017, the total revenue of ₹39,560.47 lakhs and net cash flows amounting to ₹(840.85) lakhs for the period ended on that date as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Subsidiaries and Joint ventures amounting to ₹2,459.13 lakhs. These financial statements and other financial information have been audited by other auditors whose reports has been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, is based solely on the report of other auditors.

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

Report on Other Legal and Regulatory Requirements

1. 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 purpose of our audit of the aforesaid consolidated Ind AS financial statements.

   (b) In our opinion proper books of account as required by law have been kept so far as it appears from our examination of those books and the reports of other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, and the Consolidated statement of Cash Flows and consolidated Statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS 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 relevant rules issued thereunder;

   (e) On the basis of written representations received from the directors of the Holding company as on March 31, 2017, taken on record by the Board of Directors of the Holding company and the reports of the statutory auditors of its jointly controlled companies incorporated in India , none of the directors of its jointly controlled companies incorporated in India is disqualified as on March 31, 2017, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   (g) 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, in our opinion and to the best of our information and according to the explanations given to us;

      i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, and Joint venture – Refer Note 28C to the consolidated Ind AS financial statements;

      ii. The Group and Joint ventures did not have any material foreseeable losses in long-term contracts including derivative contracts.

      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.

      iv. The Parent has provided requisite disclosures in Note 45 to these consolidated Ind AS financial statements as to holdings as well as dealings of Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our enquiries, test check of the books of account and other details maintained by the Company and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company.

For **Kumar & Giri**
Chartered Accountants
FRN 001584S

J Bhadra Kumar
Partner
Membership Number:025480

Place: Hyderabad
Date: May 11, 2017

Annexure 'A'

Annexure to the independent auditor's report of even date on the Consolidated Ind AS 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 Ind AS financial statements of the Company as of and for the year ended March 31,2017, we have audited the internal financial controls over financial reporting of Granules India Limited ("the Holding Company") and Joint Venture Company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its Joint Venture Company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 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 over financial reporting 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 unauthorised 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 Joint Venture company , which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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').

For **Kumar & Giri**
Chartered Accountants
FRN 001584S

J Bhadra Kumar
Partner
Membership Number:025480

Place: Hyderabad
Date: May 11, 2017

Consolidated Balance Sheet

as at March 31, 2017

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

	Notes	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3A	56,872.54	47,708.34	43,898.95
Capital work-in-progress		26,053.24	7,655.53	3,130.76
Intangible assets	3B	7,561.30	8,285.45	8,689.29
Financial assets	4			
Investments	4A	10,822.94	7,010.76	6,684.22
Others	4B	745.28	594.41	665.06
Income tax assets(net)	5	237.46	891.38	1,389.73
Other non-current assets	5A	1,843.87	2,351.20	147.76
		1,04,136.63	**74,497.07**	**64,605.77**
Current assets				
Inventories	6	27,607.34	25,371.81	20,867.82
Financial assets	7			
Trade receivables	7A	41,770.02	37,534.58	35,724.75
Cash and cash equivalents	7B	4,979.93	13,028.97	5,484.53
Loans	7C	158.82	73.56	30.33
Others	7D	247.46	321.83	41.86
Other current assets	8	8,742.34	5,469.40	4,463.17
		83,505.91	**81,800.15**	**66,612.46**
Total Assets		**1,87,642.54**	**1,56,297.22**	**1,31,218.23**
Equity and Liabilities				
Equity				
Equity share capital	9	2,287.03	2,167.12	2,042.52
Other equity	10	88,072.51	63,992.88	41,036.32
Total equity		**90,359.54**	**66,160.00**	**43,078.84**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	11	12,424.23	18,421.27	24,267.41
Net employee defined benefit liability	12	724.95	557.99	426.74
Deferred tax liabilities (net)	13	5,649.86	5,683.01	4,810.28
		18,799.04	**24,662.27**	**29,504.43**
Current liabilities				
Financial liabilities	14			
Borrowings	14A	47,383.30	39,285.42	33,137.40
Trade payables	14B			
Total outstanding dues of micro enterprises and small enterprises		334.83	247.51	242.18
Total outstanding dues of creditors other than micro enterprises and small enterprises		21,262.73	17,862.35	18,061.85
Other financial liabilities	14C	8,345.34	7,277.21	5,894.58
Other current liabilities	15	997.32	644.00	1,183.19
Net employee defined benefit liability	16	160.44	158.46	115.76
		78,483.96	**65,474.95**	**58,634.96**
Total Equity and Liabilities		**1,87,642.54**	**1,56,297.22**	**1,31,218.23**
Summary of significant accounting policies	2.3			

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

As per our report of even date.

For **Kumar & Giri**
Chartered Accountants
FRN 001584S

J.Bhadra Kumar
Partner
Membership No.025480

Place: Hyderabad
Date: May 11, 2017

For and on behalf of the **Board of Directors**

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN-00020180

V.V.S.Murthy
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2017

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

	Notes	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Income			
Revenue from operations (gross)	17	1,43,525.34	1,38,293.02
Other income	18	992.53	523.89
Total income		**1,44,517.87**	**1,38,816.91**
Expenses			
Cost of materials consumed	19	67,996.46	76,195.80
Increase in work in progress and finished goods	20	(33.28)	(3,692.95)
Excise duty on sales		2,468.81	2,575.51
Employee benefit expenses	21	14,018.97	11,757.40
Other expenses	22	29,190.58	23,830.73
Total		**1,13,641.54**	**1,10,666.50**
EBITDA		**30,876.33**	**28,150.41**
Depreciation and Amortisation	23	7,151.27	5,840.15
Finance costs	24	3,225.63	3,706.79
Total expenses		**1,24,018.44**	**1,20,213.44**
Profit before tax		**20,499.43**	**18,603.47**
Tax expense	26		
Current tax		6,607.20	5,252.02
Deferred tax charge/ (credit)		(87.07)	862.95
Total tax expense		**6,520.13**	**6,114.97**
Profit for the year before share of profit/(loss) in joint ventures		**13,979.30**	**12,488.50**
Share of profit/(loss) in joint ventures		2,472.61	(188.45)
Profit for the year		**16,451.91**	**12,300.05**
Other Comprehensive Income (OCI)	25		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
(Gain)/loss arising on translation of foreign operations		(45.05)	268.32
Tax effect		-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(45.05)**	**268.32**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on employee defined benefit plans		155.79	28.27
Deferred tax charge		53.92	9.78
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**101.87**	**18.49**
Total other comprehensive income for the year, net of tax		**146.92**	**(249.83)**
Total comprehensive income for the year, net of tax		**16,598.83**	**12,050.22**
Earnings per equity share:	27		
Basic earnings per share		7.52	5.95
Diluted earnings per share		7.48	5.83
Nominal value per equity share		1.00	1.00
Summary of significant accounting policies	2.3		

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

As per our report of even date.

For **Kumar & Giri**
Chartered Accountants
FRN 001584S

J.Bhadra Kumar
Partner
Membership No.025480

Place: Hyderabad
Date: May 11, 2017

For and on behalf of the **Board of Directors**

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN-00020180

V.V.S.Murthy
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Consolidated Statement of Changes in Equity

for the year ended March 31, 2017

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

Statement of changes in Equity

a) Equity share capital

Equity shares of INR 1 each issued, subscribed and fully paid	No.	₹
As at April 1, 2015	20,42,51,540	2,042.52
Issued during the year	1,24,60,230	124.60
As at March 31, 2016	**21,67,11,770**	**2,167.12**
Issued during the year	1,19,91,000	119.91
As at March 31, 2017	**22,87,02,770**	**2,287.03**

b) Other Equity

	Attributable to the equity holders								
	Reserves and Surplus								
	Securities Premium	Capital Reserve	General Reserve	Employee Stock option	Share Based Payments Reserve	Retained Earnings	Other comprehensive income	Money received against share warrants	Total Equity
As at April 01, 2015	**12,028.47**	**455.33**	**20,786.74**	**84.46**	**-**	**7,615.66**	**65.66**	**-**	**41,036.32**
Add: Premium on exercise of employee stock options	183.22	-	-	-	79.85	-	-	-	263.07
Add: Premium on issue of share warrants	10,277.77	-	-	-	-	-	-	-	10,277.77
Add: Re-measurement gains/(losses) on employee defined benefit plans	-	-	-	-	-	-	18.49	-	18.49
Add: Expense arising from equity-settled share-based payment transactions				79.34					79.34
Less : Transferred to Share Based Payments Reserve	-	-	-	(79.85)	-	-	-	-	(79.85)
Add: Money received during the year	-	-	-	-	-	-	-	2,716.29	2,716.29
Add: Profit for the year	-	-	-	-	-	12,300.05	-	-	12,300.05
Less : Exchange differences on translation of foreign operations	-	-	-	-	-	-	268.32	-	268.32
Less : Dividend on Equity Shares	-	-	-	-	-	(2,350.28)	-	-	(2,350.28)
At March 31, 2016	**22,489.46**	**455.33**	**20,786.74**	**83.95**	**79.85**	**17,565.43**	**(184.17)**	**2,716.29**	**63,992.88**
Changes during the year	-	-	-	-	-	-	-	(2,716.29)	(2,716.29)
Add: Premium on exercise of employee stock options	135.78	-	-	-	57.21	-			192.99
Add: Premium on issue of share warrants	10,751.14	-	-	-	-	-			10,751.15
Add: Capital reserve arising pursuant to scheme of amalgamation	-	1,462.20	-		-	-			1,462.20
Add: Expense arising from equity-settled share-based payment transactions	-	-	-	81.00	-	-			81.00
Less : Transferred to Share Based Payments Reserve	-	-	-	(57.21)	-	-			(57.21)
Add: Re-measurement gains/(losses) on employee defined benefit plans	-	-	-	-	-	-	101.87		101.87
Add : Gain on translation of foreign operations	-	-	-	-	-	-	45.05		45.05
Add: Profit for the year	-	-	-	-	-	16,451.91	-	-	16,451.91
Less : Dividend on Equity Shares	-	-	-	-	-	(2,233.04)	-	-	(2,233.04)
Less: Transfer to General Reserve	-	-	10,000.00	-	-	(10,000.00)	-	-	-
At March 31, 2017	**33,376.39**	**1,917.53**	**30,786.74**	**107.74**	**137.06**	**21,784.30**	**(37.25)**	**-**	**88,072.51**

The Board of Directors have recommended a final dividend of 25 paise per equity share of ₹ 1/- each in addition to interim dividend of 65 paise per equity share of ₹ 1/- each paid during the year.

During the year ended March 31, 2017 and March 31, 2016, the parent company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

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

As per our report of even date.

For **Kumar & Giri**
Chartered Accountants
FRN 001584S

J.Bhadra Kumar
Partner
Membership No.025480

Place: Hyderabad
Date: May 11, 2017

For and on behalf of the **Board of Directors**

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN-00020180

Chaitanya Tummala
Company Secretary

V.V.S.Murthy
Chief Financial Officer

Consolidated Cash flow statement

for the year ended March 31, 2017

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

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Net Profit before tax	**20,499.43**	**18,603.47**
Cash flow from operating activities		
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	7,151.27	5,840.15
Provision for doubtful receivables/advances/other assets (net)	223.72	343.71
Loss/(Profit) on sale of assets (net)	(75.93)	15.49
Re-measurement gains / (losses) on employee defined benefit plans	155.79	28.27
Share based payment expense	81.00	79.34
Exchange differences on translation of foreign operations	45.05	(268.32)
Interest expense	3,225.63	3,706.79
Interest income	(441.25)	(482.20)
Operating Profit before Working Capital Changes	**30,864.70**	**27,866.70**
Movements in working capital:		
Decrease/(increase) in trade receivables	(4,459.16)	(2,153.54)
Increase in inventories	(2,235.53)	(4,503.99)
Increase in other financial & non financial assets	(3,438.99)	(1,248.78)
Increase/(decrease) in trade payables and other financial & non financial liabilities	4,564.81	(63.68)
Cash Generated from Operations	**25,295.84**	**19,896.70**
Direct taxes paid (net of refunds)	(5,953.27)	(4,753.68)
Net Cash flow from Operating Activities (A)	**19,342.57**	**15,143.03**
Cash Flow Used in Investing Activities		
Purchase of fixed assets, including capital work-in-progress, capital advances and payables for capital goods	(30,971.73)	(16,219.73)
Proceeds from sale of fixed assets	95.67	98.21
Investments made in subsidiaries	(1,344.97)	(515.00)
Interest received	445.54	471.44
Net Cash flow used in Investing Activities (B)	**(31,775.49)**	**(16,165.09)**
Cash Flow Used in Financing Activities		
Proceeds from issuance of share capital	8,290.54	10,584.36
Proceeds from issuance of share Warrants	-	2,716.29
Proceeds from borrowings	7,507.77	7,179.52
Repayment of borrowings	(5,997.04)	(5,846.14)
Interest paid	(3,189.38)	(3,726.96)
Payments of dividend (including dividend tax)	(2,228.03)	(2,340.58)
Net Cash flow from/(used in) Financing Activities (C)	**4,383.87**	**8,566.50**
Net Increase in Cash and Cash Equivalents (A+B+C)	**(8,049.04)**	**7,544.44**
Cash and Cash Equivalents at the beginning of the year	**13,028.97**	**5,484.53**
Cash and Cash Equivalents at the end of the year	**4,979.93**	**13,028.97**
Components of cash and cash equivalents:		
Cash on hand	12.33	15.72
Balances with banks		
On current accounts	1,060.79	2,329.90
On EEFC accounts	14.14	28.70
On unpaid dividend account	31.06	26.05
On deposit accounts	3,861.61	10,628.59
Total cash and cash Equivalents	**4,979.93**	**13,028.97**

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

As per our report of even date.

For **Kumar & Giri**
Chartered Accountants
FRN 001584S

J.Bhadra Kumar
Partner
Membership No.025480

Place: Hyderabad
Date: May 11, 2017

For and on behalf of the **Board of Directors**

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN-00020180

Chaitanya Tummala
Company Secretary

V.V.S.Murthy
Chief Financial Officer

1. Corporate Information

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

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on May 11, 2017

2. Significant accounting policies

2.1 Basis of preparation

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

For all periods up to and including the year ended March 31, 2016, the Group prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP"). These financial statements for the year ended March 31, 2017 are the first set of financial statements of the Group has been prepared in accordance with Ind AS. Refer to note 43 for information on how the Group adopted Ind AS. The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments). The consolidated financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

2.2 Basis of consolidation

Granules consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its subsidiary companies and joint ventures as disclosed in Note 41. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

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

(a) Investment in joint ventures

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

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

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

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

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

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

The financial statements of the joint ventures are prepared for the same reporting period as the Group, except for Granules Biocause Pharmaceuticals co. ltd which is drawn upto December 31, 2016. Necessary adjustments to financial statements of the Joint Ventures are made to bring the accounting policies in line with Group.

Notes to Consolidated financial statements

for the year ended March 31, 2017

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

2.3 Summary of Significant accounting policies

(a) Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

(b) Foreign currencies

The Group's consolidated financial statements are presented in Indian rupees, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

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

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

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

Group companies

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

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., April 1, 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

(c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

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

The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

(d) Revenue recognition

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

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

Sale of goods

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

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty. However, sales tax/ value added tax (VAT) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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.

Interest income

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

Dividend income

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

Other income

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

(e) Taxes

Current income tax

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

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. 'Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are

Notes to Consolidated financial statements

for the year ended March 31, 2017

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

recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

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

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

Sales/ value added taxes paid on acquisition of assets or goods

Cost of goods and assets are recognised net of the amount of sales/ value added taxes paid, except:

When the tax incurred on a purchase of assets or goods is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

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

(f) Property, plant and equipment

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

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied . All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on fixed assets is provided by Group on a straight-line method based on the useful lives estimated by the management which are in accordance with Schedule II to the Companies Act, 2013.The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

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

(g) Intangible assets

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

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

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

(h) Leases

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

For arrangements entered into prior to 1 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

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

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

(i) Borrowing costs

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

(j) Inventories

Inventories are valued at the lower of cost and net realisable value.Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.Cost is determined on monthly moving weighted average method.Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventories of raw material, packing material , consumables and stores and spares are valued as per monthly moving weighted average method. Cost does not include duties and taxes that are subsequently recoverable.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

(k) Impairment of non-financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

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

(l) Provisions

General

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

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

(m) Retirement and other employee benefits

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

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

Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

(n) Share-based payments

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

Equity-settled transactions

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

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

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

Notes to Consolidated financial statements

for the year ended March 31, 2017

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

(o) Dividends

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

(p) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, a 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

a) the rights to receive cash flows from the asset have expired, or

b) the Group has transferred its rights to receive cash flows from the asset, and

i. the Group has transferred substantially all the risks and rewards of the asset, or

ii. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

Financial guarantee contracts

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

Derecognition

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

(q) Research and Development

Research costs

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

Development costs

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

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

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

(r) Measurement of EBITDA

The Company presents EBITDA in the statement of profit or loss, which is neither specifically required by Ind AS 1 nor defined under Ind AS. Ind AS complaint Schedule III allows companies to present line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements or when required for compliance with the amendments to the Companies Act or under the Indian Accounting Standards.

Accordingly, the Company has elected to present EBITDA as a separate line item on the face of the statement of profit and loss and does not include depreciation and amortization expense, finance costs, share of profit/ loss from associate and tax expense in measurement of EBITDA.

(s) Standards issued but not yet effective

Ind AS 115 Revenue from Contracts with Customers: Ind AS 115, Revenue from Contracts with Customers was initially notified under the Companies (Indian Accounting Standards) Rules, 2015. The standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions-and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs.

The standard has been currently deferred. The Group is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Notes to Consolidated financial statements

as at March 31, 2017

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

3A. Property, plant and equipment

	Freehold land	Freehold buildings	Plant and machinery	Computers	Office equipment	R&D Equipment	Furniture and fittings	Vehicles	Total Tangible Assets
At Cost									
At April 1, 2015	**1,538.69**	**12,314.91**	**43,051.14**	**857.22**	**533.37**	**1,705.71**	**918.81**	**551.57**	**61,471.43**
Additions	34.56	2,394.34	5,528.51	210.12	84.33	258.26	91.35	20.77	8,622.24
Disposals/ Adjustments	-	37.75	68.66	0.33	45.55	-	-	59.18	211.47
Exchange differences	-	65.77	716.92	-	-	-	-	-	782.70
At March 31, 2016	**1,573.25**	**14,737.27**	**49,227.92**	**1,067.01**	**572.15**	**1,963.97**	**1,010.16**	**513.16**	**70,664.89**
Additions/ Adjustments	1,462.92	3,407.38	10,338.05	180.31	102.55	111.40	82.38	16.32	15,701.33
Disposals/ Adjustments	-	26.31	64.29	-	1.27	0.11	-	9.11	101.10
Exchange differences		17.85	289.52						307.37
At Mar 31, 2017	**3,036.17**	**18,136.19**	**59,791.20**	**1,247.32**	**673.43**	**2,075.26**	**1,092.54**	**520.37**	**86,572.49**
Depreciation/amortisation									
At April 1, 2015	**-**	**2,397.19**	**13,558.12**	**504.17**	**235.80**	**385.48**	**309.65**	**182.08**	**17,572.48**
Charge for the year*	-	466.41	4,382.21	172.50	87.36	168.23	105.83	66.49	5,449.03
Disposals/ Adjustments	-	(1.13)	31.67	(3.62)	21.61	-	(4.57)	21.00	64.96
At March 31, 2016	**-**	**2,864.73**	**17,908.66**	**680.29**	**301.55**	**553.71**	**420.05**	**227.57**	**22,956.55**
Charge for the year*		498.09	5,729.11	148.53	99.90	178.98	107.77	57.28	6,819.66
Disposals/ Adjustments		22.82	58.16	(1.06)	(0.06)	0.10	(6.14)	2.46	76.27
At Mar 31, 2017	**-**	**3,340.00**	**23,579.61**	**829.88**	**401.51**	**732.59**	**533.96**	**282.39**	**29,699.94**
Net Block									
At April 1, 2015	1,538.69	9,917.72	29,493.03	353.06	297.57	1,320.24	609.16	369.49	43,898.95
At March 31, 2016	1,573.25	11,872.54	31,319.26	386.72	270.60	1,410.27	590.10	285.60	47,708.34
At Mar 31, 2017	**3,036.17**	**14,796.19**	**36,211.59**	**417.44**	**271.92**	**1,342.67**	**558.58**	**237.98**	**56,872.54**

* Includes depreciation charge of Granules Pharmaceuticals Inc. of ₹552.89 lakhs(Previous year ₹152.54 lakhs) Capitalized and transferred to Capital work-in-progress

Capital work-in-progress ₹26,053.24 lakhs (March 31, 2016 ₹7,655.53 lakhs, April 01, 2015: ₹3,130.76 lakhs

Notes:

Details of capital research and development (refer note 32).

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

3B. Intangible assets

	Technical Know How	Software	Others	Total Intangible assets
At Cost				
At April 1, 2015	**3,189.51**	**215.90**	**8,088.33**	**11,493.74**
Additions	-	139.83	-	139.83
Deletions	-	-	-	-
At March 31, 2016	**3,189.51**	**355.73**	**8,088.33**	**11,633.57**
Additions/ Adjustments	-	159.52	-	159.52
Deletions	-	-	-	-
At Mar 31, 2017	**3,189.51**	**515.25**	**8,088.33**	**11,793.09**
Depreciation/amortisation				
At April 1, 2015	**2,584.52**	**24.85**	**195.09**	**2,804.46**
Charge for the year	319.74	50.67	173.26	543.67
Deletions/Adjustments	-	-	-	-
At March 31, 2016	**2,904.26**	**75.52**	**368.35**	**3,348.12**
Charge for the year	218.29	40.34	625.87	884.50
Deletions/Adjustments	-	0.83	-	0.83
At Mar 31, 2017	**3,122.55**	**115.03**	**994.22**	**4,231.79**
Net Block				
At April 1, 2015	604.99	191.05	7,893.24	8,689.29
At March 31, 2016	285.26	280.21	7,719.98	8,285.45
At Mar 31, 2017	**66.96**	**400.22**	**7,094.11**	**7,561.30**

4.Financial Assets

4A. Investments

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Trade Investments			
a. Long term, Unquoted, in fully paid equity shares (at cost unless stated otherwise)			
In Joint Ventures			
Granules Biocause Pharmaceutical Co.Ltd	3,333.41	3,010.63	3,010.63
Add : Share of profit for the year	1,229.28	322.77	-
	4,562.69	**3,333.41**	**3,010.63**
Granules Omnichem Pvt Ltd	3,614.28	3,610.51	3,610.51
Add: Further investment during the year	-	515.00	-
Add : Share of profit for the year	1,237.94	(511.23)	-
	4,852.22	**3,614.28**	**3,610.51**
b. Investments at fair value through OCI (fully paid)			
In Quoted equity shares			
250(March 31, 2016 :250, April 01, 2015: 250) Equity shares of Ipca Laboratories Limited	0.07	0.07	0.07

Notes to Consolidated financial statements

as at March 31, 2017

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

4.Financial Assets (contd..)

4A. Investments (contd..)

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
In Unquoted equity shares			
15,142(March 31, 2016 :15,142, April 01, 2015: 15,142)			
Equity shares of Jeedimetla Effluent Treatment Ltd	59.59	59.59	59.59
34,040(March 31, 2016 :34,040 , April 01, 2015: 34,040)			
Equity shares of Patancheru Envitotech Ltd	3.41	3.41	3.41
In US Pharma LLC	1,344.97	-	-
Total	**10,822.94**	**7,010.76**	**6,684.22**
Aggregate book value of quoted investments	0.07	0.07	0.07
Aggregate market value of quoted investments	1.60	1.50	1.60
Aggregate value of unquoted investments	10,822.87	7,010.69	6,684.15
Aggregate amount of impairment in value of investments	-	-	-

4B. Other Financial assets

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Security deposits	745.28	594.41	665.06
Total	**745.28**	**594.41**	**665.06**

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

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Advance tax (net off provision for taxes)	237.46	891.38	1,389.73
Total	**237.46**	**891.38**	**1,389.73**

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

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Capital advances	1,843.87	2,351.20	147.76
Total	**1,843.87**	**2,351.20**	**147.76**

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

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Raw materials [includes in transit ₹ 854.87 lakhs (March 31, 2016: ₹ 1,098.28 lakhs: April 01,2015: ₹ 518.87 lakhs)	9,289.35	8,053.84	8,072.59
Raw Materials at Bonded Ware House	2,051.62	1,479.30	1,178.93
Packing materials	890.53	789.50	695.55
Work-in-progress	5,639.65	4,553.86	3,589.71
Finished goods	7,582.45	8,634.95	5,906.16
Stores, spares and consumables	2,153.74	1,860.35	1,424.88
Total	**27,607.34**	**25,371.81**	**20,867.82**

Notes to Consolidated financial statements

as at March 31, 2017

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

7.Financial Assets

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

		As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Outstanding for a period exceeding six months from the date they are due for payment				
Considered good		1,505.10	378.52	870.06
Doubtful		221.18	-	-
		1,726.28	378.52	870.06
Less: Provision for doubtful receivables		(221.18)	-	-
	(A)	**1,505.10**	**378.52**	**870.06**
Others	**(B)**	40,264.92	37,156.06	34,854.69
Total	**(A+B)**	**41,770.02**	**37,534.58**	**35,724.75**

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

7B. Cash and cash equivalents and other bank balance

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
i) Cash on hand	12.33	15.72	18.42
ii) Balance with banks:			
On current accounts	1,060.79	2,329.90	266.01
On EEFC accounts	14.14	28.70	170.42
On unpaid dividend account	31.06	26.05	16.35
Total -(ii)	**1,105.99**	**2,384.65**	**452.78**
iii) Other bank balance			
Deposits with original maturity of less than twelve months	3,149.74	10,060.96	4,200.27
Margin money deposits*	711.87	567.63	813.06
Total -(iii)	**3,861.61**	**10,628.59**	**5,013.33**
Total (i+ii+iii)	**4,979.93**	**13,028.97**	**5,484.53**

* Given against bank guarantees/performance guarantees

7C. Loans

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Loans to employees	158.82	73.56	30.33
Total	**158.82**	**73.56**	**30.33**

7D. Other financial assets

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Interest accrued on deposits	25.13	29.42	18.66
Security deposits	222.33	292.41	23.20
Total	**247.46**	**321.83**	**41.86**

Notes to Consolidated financial statements

as at March 31, 2017

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

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

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Balance with government authorities	4,784.88	4,501.97	3,872.38
Prepaid expenses	501.25	427.96	434.09
Export incentives receivable	3,380.70	444.55	48.67
Others	75.51	94.92	108.03
Total	**8,742.34**	**5,469.40**	**4,463.17**

9. Share capital

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Authorized Share capital			
50,50,00,000 (March 31, 2016: 34,50,00,000, April 1, 2015: 34,50,00,000) Equity Shares of par value of ₹ 1/- each	5,050.00	3,450.00	3,450.00
	5,050.00	**3,450.00**	**3,450.00**
Issued, Subscribed and fully paid up shares			
22,87,02,770 fully paid up Equity Shares of par value of ₹ 1/- each (March 31, 2016 : 21,67,11,770, April 1, 2015: 20,42,51,540 Equity Shares of ₹ 1/- each)	2,287.03	2,167.12	2,042.52
Total Issued, Subscribed and fully paid-up Share Capital	**2,287.03**	**2,167.12**	**2,042.52**

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

	As at Mar 31, 2017		As at Mar 31, 2016		As at April 01, 2015	
	No.	₹	No.	₹	No.	₹
Number of shares at the beginning of the year	21,67,11,770	2,167.12	20,42,51,540	2,042.52	20,28,11,540	2,028.12
Add: Shares issued on exercise of employee stock options	5,90,000	5.90	11,10,000	11.10	14,40,000	14.40
Add: Shares issued against warrants	1,14,01,000	114.01	1,13,50,230	113.50	-	-
Number of shares at the end of the year	**22,87,02,770**	**2,287.03**	**21,67,11,770**	**2,167.12**	**20,42,51,540**	**2,042.52**

9.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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, 2017, the amount of interim dividend per share distributed along with final dividend per share recommended by the board to equity shareholders was ₹ 0.90 (March 31, 2016: ₹ 0.65 and April 01, 2015: ₹ 0.50). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at Mar 31, 2017		As at Mar 31, 2016		As at April 01, 2015	
	Numbers.	% holding	Numbers	% holding	Numbers.	% holding
Krishna Prasad Chigurupati	7,16,79,610	31.34	7,92,30,610.00	36.56	7,47,35,380	36.59
Tyche Technologies Private Limited	2,68,69,000	11.75	-	-		
Investco Management LLC	-	-	-	-	2,05,42,000	10.06
Ridgeback Capital Asia Limited	-	-	-	-	1,14,41,350	5.60

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

Notes to Consolidated financial statements

as at March 31, 2017

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

9.4 Shares reserved for issue under options

For details of shares reserved for issue under Employee stock option scheme (ESOS) of the Company, refer note 29

10. Other equity

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
a) Capital reserves			
Balance at the beginning of the year	455.33	455.33	1,504.93
Adjustment of Pre-acquisition reserves on acquisition of Auctus Pharma Limited (Pursuant to the Scheme of Scheme of Amalgamation)	-	-	(1,336.40)
Add: Capital reserve arising pursuant to scheme of amalgamation	1,462.20	-	286.80
Balance at the end of the year	**1,917.53**	**455.33**	**455.33**
b) Security premium reserve			
Balance at the beginning of the year	22,489.46	12,028.47	11,906.82
Add: Receipt on exercise of employee stock option scheme (80,000 shares @ ₹ 8.10/- , 1,50,000 shares @ ₹ 13/- and 3,60,000 shares @ ₹ 30.50/-)	135.78	183.22	121.65
Add :Receipt on issue of share warrants (March 31, 2017 : 1,14,01,000 shares @ ₹ 94.30/-)	10,751.14	10,277.77	-
Balance at the end of the year	**33,376.39**	**22,489.46**	**12,028.47**
c) General reserve			
Balance at the beginning of the year	20,786.74	20,786.74	10,786.74
Add: Transfer from Surplus	10,000.00	-	10,000.00
Balance at the end of the year	**30,786.74**	**20,786.74**	**20,786.74**
d) Other reserve			
Employee stock option	107.74	83.95	84.46
Share based payments reserve	137.06	79.85	-
Money received against share warrants	-	2,716.29	-
Other comprehensive income	(37.25)	(184.17)	65.66
Balance at the end of the year	**207.55**	**2,695.92**	**150.12**
e) Retained Earnings			
Balance at the end of the year	**21,784.30**	**17,565.43**	**7,615.66**
Total (a+b+c+d+e)	**88,072.51**	**63,992.88**	**41,036.32**

10.1 Distribution made

	As at Mar 31, 2017	As at Mar 31, 2016
Cash dividends on equity shares declared and paid:		
Final dividend paid in current year for the year ended on March 31, 2016: ₹ 0.20 per share (March 31, 2015: ₹0.50 per share)	433.42	1,021.26
Dividend distribution tax on dividend	88.24	207.90
Interim dividend for the year ended on March 31, 2017: ₹ 0.65 per share (March 31, 2016: ₹0.45 per share)	1,421.36	928.94
Dividend distribution tax on dividend	289.35	189.11
Dividend of previous year including dividend tax	0.67	3.07
Total	**2,233.04**	**2,350.28**

Notes to Consolidated financial statements

as at March 31, 2017

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

11. Non-current financial liabilities

11A. Long-term borrowings

	Effective interest rate	Maturity	Non-current portion			Current maturities		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31,2017	As at March 31, 2016	As at April 01, 2015
Term Loans (Secured)								
Indian rupee loans from banks	10.60% to 12.25%	9 to 10 Half- yearly equal installments	7,402.50	10,692.50	13,982.50	3,290.00	3,290.00	2,467.50
Foreign currency loan from financial institutions	6-Month LIBOR plus 4.0% to 4.6%.	13 to 15 Half- yearly equal installments	4,987.49	7,671.84	10,211.45	2,529.98	3,127.83	2,879.26
			12,389.99	**18,364.34**	**24,193.95**	**5,819.98**	**6,417.83**	**5,346.76**
Other loans								
Deferred sales tax loan (Unsecured)	Interest free	2020-21	34.24	55.48	62.23	21.24	6.75	1.67
			34.24	**55.48**	**62.23**	**21.24**	**6.75**	**1.67**
Long term maturities of finance lease obligation								
Obligations under finance lease (Secured)			-	1.45	11.23	1.45	8.20	52.84
			-	**1.45**	**11.23**	**1.45**	**8.20**	**52.84**
			12,424.23	**18,421.27**	**24,267.41**	**5,842.66**	**6,432.78**	**5,401.27**
The above amount includes:								
Secured borrowings			12,389.99	18,365.79	24,205.18	5,821.43	6,426.03	5,399.60
Unsecured borrowings			34.24	55.48	62.23	21.24	6.75	1.67
			12,424.23	**18,421.27**	**24,267.41**	**5,842.66**	**6,432.78**	**5,401.27**

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

The details of loans are as under:

Name of the bank	Outstanding as on March 31, 2017	Outstanding as on March 31, 2016	Outstanding as on April 1, 2015	Sanction Amount	No of installments	Commencement of Installments	Rate of interest
Andhra Bank	5757.50	7,402.50	8,225.00	8,225.00	10 Half yearly equal installments of ₹ 822.50 lakhs	Feb-16	Upto Nov'15 - 12.25% ; Dec'15 to Nov'16 - 11.25% and 11.2% from Dec'16
Bank of Baroda*	-	-	8,225.00	8,225.00	10 Half yearly equal installments of ₹ 822.50 lakhs	Sep-15	12.25%
State Bank of India*	4,935.00	6,580.00	-	7,402.50	9 Half yearly equal installments of ₹ 822.50 lakhs	Mar-16	10.60%
International Finance Corporation	389.03	1,191.06	1,876.98	US$ 9 Mn	15 Half yearly equal installments of USD 0.6 Mn	Jul-10	5.33%
International Finance Corporation	145.89	446.65	625.66	US$ 1 Mn	1 installment of USD 0.1 Mn & 4 Half yearly equal installments of USD 0.225 Mn	Jul-15	6Libor + 4.6%
International Finance Corporation	3,491.27	4,580.98	5,294.03	US$ 10 Mn	13 Half yearly equal installments of USD 0.77 Mn	Sep-14	6Libor + 4.4% (till Nov 2015) 6Libor + 4.0% (From Dec 2015)
Deutsche Investitions Und Entwicklungsschaft MBh	3,491.27	4,580.98	5,294.03	US$ 10 Mn	13 Half yearly equal installments of USD 0.77 Mn	Sep-14	6Libor + 4.4% (till Nov 2015) 6Libor + 4.0% (From Dec 2015)

*State Bank of India took over the loan from Bank of Baroda in Dec 2015 (O/s – ₹ 7,402.50 lakhs)

i) All secured term loans are secured by a paripassu first charge on fixed assets and a paripassu second charge of the current assets of the Company.

ii) Out of the foreign currency loans from Financial Institutions, an amount of ₹ 3,241.93 lakhs as on March 31, 2017 (March 31, 2016 : ₹ 3,308.50 Lakhs , April 01, 2015 : ₹ 3,753.96 Lakhs) was further guaranteed by the personal guarantee of the Chairman & Managing Director of the Company. However, during the previous year, DEG has released the personal guarantee of Chairman & Managing Director with effect from December 28, 2015

ii) Deferred sales tax loan is interest free and payable in 14 yearly installments commencing from June 2013 onwards.

12. Net employee defined benefit liability

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Gratuity [refer note 30]	445.43	349.85	260.02
Compensated absences	279.52	208.14	166.72
	724.95	**557.99**	**426.74**

Notes to Consolidated financial statements

as at March 31, 2017

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

13. Deferred tax liability (net)

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Deferred tax liability			
Income tax at the applicable rate on the difference between the aggregate book written down value and tax written down value of property, plant and equipment	6,902.42	6,720.66	5,794.94
	6,902.42	**6,720.66**	**5,794.94**
Deferred tax asset			
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis			
Employee benefits	384.97	317.44	227.71
VRS	11.23	50.81	90.38
Others	856.36	669.40	666.57
	1,252.56	**1,037.65**	**984.66**
Deferred tax liability (net)	**5,649.86**	**5,683.01**	**4,810.28**

Reconciliation of deferred tax (net):

	As at Mar 31, 2017	As at Mar 31, 2016
Opening balance	**5,683.01**	**4,810.28**
Tax income/(expense) during the year recognised in profit or loss	(87.07)	862.95
Tax income/(expense) during the year recognised in other comprehensive income	53.92	9.78
Closing balance	**5,649.86**	**5,683.01**

14. Current financial liabilities

14A. Short-term borrowings

	Effective interest rate	Maturity	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Loans repayable on demand from Banks - working capital loans					
Cash credit facilities (secured)	9.75% to 10.70%; BR plus 85 bps	On demand	721.71	1,548.24	1,598.94
Buyers credit (secured)	LIBOR plus 0.25% to 0.34%		2,895.48	2,619.90	4,446.82
Packing credit loans (secured)	LIBOR plus 0.65% to 1.1%	On demand	20,780.89	10,580.03	5,441.18
Bill discounting(secured)	LIBOR plus 0.65% to 1%		22,985.22	24,537.25	21,650.46
Total			**47,383.30**	**39,285.42**	**33,137.40**
The above amount includes					
Secured borrowings			47,383.30	39,285.42	33,137.40
Unsecured borrowings			-	-	-
			47,383.30	**39,285.42**	**33,137.40**

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

Notes to Consolidated financial statements

as at March 31, 2017

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

14B. Trade payables

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Outstanding dues to micro enterprises and small enterprises	334.83	247.51	242.18
	334.83	**247.51**	**242.18**
Outstanding dues to creditors other than micro enterprises and small enterprises	21,262.73	17,862.35	18,061.85
Total	**21,262.73**	**17,862.35**	**18,061.85**

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-120 day terms.

For explanations on the Company's credit risk management processes, refer to Note 38.

14C. Other financial liabilities

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Current maturities of non-current borrowings (refer 11A)	5,842.66	6,432.78	5,401.27
Payable for capital goods	1,139.28	71.76	205.96
Salaries & Bonus payable	1,295.17	740.70	235.20
Interest accrued but not due on borrowings	68.23	31.98	52.15
Total	**8,345.34**	**7,277.21**	**5,894.58**

15. Other current liabilities

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Advance from customers	671.78	298.36	466.57
Unclaimed dividend	31.06	26.05	16.35
Statutory liabilities	281.09	284.27	700.27
Others	13.39	35.32	-
Total	**997.32**	**644.00**	**1,183.19**

16. Net employee defined benefit liability

	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Gratuity [refer note 30]	57.23	77.59	51.82
Compensated absences	103.21	80.87	63.94
Total	**160.44**	**158.46**	**115.76**

Notes to Consolidated financial statements

for the year ended March 31, 2017

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

17. Revenue from operations

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Sale of products (including excise duty)	1,43,435.71	1,38,127.86
Other operating revenue		
Scrap sales	89.63	165.16
Total	**1,43,525.34**	**1,38,293.02**

18. Other income

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Interest income	441.25	482.20
Profit on sale of assets (net)	75.93	-
Miscellaneous income	475.35	41.69
Total	**992.53**	**523.89**

19. Cost of materials consumed

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Raw material consumed		
Opening stock	10,322.64	9,947.07
Add: Purchases	69,905.12	76,571.38
	80,227.96	**86,518.45**
Less: Closing stock	12,231.50	10,322.64
Total	**67,996.46**	**76,195.80**

20. Increase in work in progress and finished goods

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Inventories at the end of the year		
Finished goods	7,582.45	8,634.95
Work-in-progress	5,639.65	4,553.86
	13,222.10	**13,188.81**
Inventories at the beginning of the year		
Finished goods	8,634.95	5,906.16
Work-in-progress	4,553.86	3,589.71
	13,188.81	**9,495.87**
Total	**(33.28)**	**(3,692.95)**

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

21. Employee benefit expenses

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Salaries, wages and bonus	12,774.47	10,584.90
Contribution to provident and other funds	473.51	407.70
Staff welfare expenses	689.99	685.46
Employee Stock Option Scheme	81.00	79.34
Total	**14,018.97**	**11,757.40**

22. Other expenses

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Consumables & Lab Chemicals	970.61	782.97
Power and fuel	3,867.22	3,497.13
Effluent treatment expenses	805.17	679.33
Analytical Fees	236.99	195.26
Other Manufacturing expenses	279.75	487.64
Repairs and maintenance		
Plant and machinery	2,997.30	2,336.10
Buildings	349.90	335.48
Others	531.02	312.19
Rent	512.78	356.59
Rates and taxes	973.72	713.91
Printing and stationery	173.51	166.72
Insurance	614.97	477.70
Managerial Remuneration	2,225.88	1,855.45
Directors sitting fees	38.80	38.18
Remuneration to statutory auditors (refer note 33)	22.00	20.00
Sales commission	1,706.77	1,718.89
Carriage outwards & Clearing Charges	5,927.62	4,684.18
Research & Development Expenses	2,567.53	1,568.39
Business Promotion Expense	496.97	365.40
Communication Expenses	209.34	156.31
Consultancy Charges	827.26	921.44
Travelling and conveyance	1,288.74	1,331.76
Advertisement Charges	5.90	6.44
Donations	18.40	5.69
Loss on sale of fixed assets (net)	-	15.49
Bad Debts written off	2.54	343.71
Provision for doubtful debts	221.18	-
Foreign exchange loss/(gain) (net)	555.35	(38.23)
Corporate social responsibility expenditure (refer note 25A)	276.16	140.04
Sundry expenses	487.19	356.57
Total	**29,190.58**	**23,830.73**

23. Depreciation and Amortisation

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Depreciation and Amortisation	7,151.27	5,840.15
Total	**7,151.27**	**5,840.15**

Notes to Consolidated financial statements

for the year ended March 31, 2017

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

24. Finance costs

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Interest		
Term loan	1,920.71	2,365.78
Working Capital	749.54	640.35
Others	48.57	70.45
Bank charges	506.81	630.20
Total	**3,225.63**	**3,706.79**

25. Components of Other Comprehensive Income (OCI)

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
(Gain)/loss arising on translation of foreign operations	(45.05)	268.32
Re-measurement gains / (losses) on employee defined benefit plans	155.79	28.27
Deferred tax effect on remeasurement costs	53.92	9.78
Total	**(146.92)**	**249.83**

25A. Details of CSR expenditure

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
(a) Gross amount required to be spent by the Company during the year:	272.32	198.98
(b) Amount spent during the year ended:		
(i) Construction/acquisition of any asset	-	1.60
(ii) On purposes other than (i) above	276.16	138.44
(c) Amount unspent during the year ended:	(3.84)	58.94

26.Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2017 and for the year ended March 31, 2016 are:

Profit or loss section

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Current tax	6,607.20	5,252.02
Deferred tax charge/ (credit)	(33.15)	872.73
Total income tax expense recognised in statement of Profit & Loss	**6,574.05**	**6,124.75**

(b) Reconciliation of effective tax rate:

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Profit Before Tax (A)	20,499.43	18,603.47
Enacted tax rate in India (B)	0.35	0.35
Expected tax expenses (C = A*B)	7,094.44	6,438.29
Additional deduction under Income Tax Act, 1961	(867.95)	(436.61)
Expenses disallowed under Income Tax Act, 1961	162.47	100.45
Effect due to change in tax rate	-	79.83
Effect of unrecognised deferred tax assets	140.07	-
Effect of differential tax rates in the United States	45.02	(19.17)
Others	-	(38.04)
Income tax expenses	**6,574.05**	**6,124.75**

(c)The details of component of deferred tax assets are given under note 13.

27.Earning per equity share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
Profit for the year	**16,451.91**	**12,300.05**
Weighted average number of Equity Shares considered for calculation of basic earnings per share	2,188.24	2,066.99
Add: Effect of dilution		
Effect of dilution on account of Employee Stock Options granted	11.21	18.42
Effect of dilution on account of Share Warrants	-	23.43
Weighted average number of equity Shares considered for calculation of diluted earnings per share	**2,199.45**	**2,108.84**
Earnings per share		
Basic	7.52	5.95
Diluted	7.48	5.83

28. Commitments and Contingencies

A. Leases

Operating lease commitments - Group as lessee

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable/ cancellable at the option of either of the parties

There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognised in the Statement of Profit and Loss is ₹ 512.78 lakhs (March 31, 2016: ₹ 356.59 lakhs).

The Group has not recognised any contingent rent as expense in the Statement of Profit and Loss.

Notes to Consolidated financial statements

for the year ended March 31, 2017

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

B. Capital and other commitments

Particulars	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	17,398.95	6,822.53	1,730.26
Other commitments	Nil	Nil	Nil

C.Contingent liabilities

Particulars	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Corporate guarantees for loans taken by Joint Ventures**	12,464.57	13,571.10	12,096.00
Claims arising from disputes not acknowledged as debts - indirect taxes (excise duty and service tax)*	323.72	294.96	322.17
Claims arising from disputes not acknowledged as debts - direct taxes*	68.93	122.83	1,182.43
Claims against the Company not acknowledged as debts - Customs claims*	43.47	43.47	43.47

* in respect of above matters, future cash outflows in respect of contingent liabilities are determinable only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group.

**Business requirement in respective of Joint Venture.

29. Share based payments

Granules India Limited – Employee Stock Option Scheme 2009 ("ESOS-2009')

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 1,00,48,070 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 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 five tranches viz. Grant I, Grant II, Grant III , Grant IV & Grant V. The options granted under the Plan shall start vesting in tranches after one year from the date of grant and not more than two, three and five years (differs from optionee to optionee) under Grant I, five years under Grant II & III and four years under Grant IV & V from the respective date of grant of the options.

The exercise price being equal to the closing market price prevailing on the date prior to the date of grant, there is no deferred compensation cost to be amortized over the vesting period.

The details of activity under the Scheme are summarised below :

	Mar 31, 2017	Mar 31, 2016
Options outstanding at the beginning of the year	23,50,000	34,80,000
Add : Granted during the year	2,00,000	-
Less : Exercised during the year	5,90,000	11,10,000
Less : Lapsed/Cancelled during the Year (Grant I)	3,90,000	20,000
At the end of the year	15,70,000	23,50,000
The weighted average share price at the date of exercise of options	24.01	17.51

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

For options exercised during the year, the weighted average share price at the exercise date under ESOS 2009 scheme was ₹ 24.01 per share (March 31, 2016: 17.51, April 01, 2015: ₹ 9.53) The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	Mar 31, 2017			
	Grant V	Grant IV	Grant II	Grant I
Dividend yield	0.49%	1.11%	1.43%	2.20%
Expected volatility	23.43%	41.17%	46.68%	43.84%
Risk-free interest rate	8.00%	8.00%	8.00%	8.00%
Weighted average share price of ₹	175.01	44.00	20.49	12.91
Exercise price of ₹	133.00	31.50	14.00	9.10
Expected life of options granted in years	4 Years	4 Years	5 Years	5 Years

	Mar 31, 2016		
	Grant IV	Grant II	Grant I
Dividend yield	1.11%	1.43%	2.20%
Expected volatility	41.17%	46.68%	43.84%
Risk-free interest rate	8.00%	8.00%	8.00%
Weighted average share price of ₹	44.00	20.49	12.91
Exercise price of ₹	31.50	14.00	9.10
Expected life of options granted in years	4 Years	5 Years	5 Years

	April 01, 2015		
	Grant IV	Grant II	Grant I
Dividend yield	1.11%	1.43%	2.20%
Expected volatility	41.17%	46.68%	43.84%
Risk-free interest rate	8.00%	8.00%	8.00%
Weighted average share price of ₹	44.00	20.49	12.91
Exercise price of ₹	31.50	14.00	9.10
Expected life of options granted in years	4 Years	5 Years	5 Years

30. Employee benefits

a) Disclosures related to defined contribution plan

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Contribution to provident and other funds recognised as expense in the Statement of Profit and Loss	473.51	407.70	291.64

b) Disclosures related to defined benefit plan

The Group has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed year of service. The scheme is funded with Life Insurance Corporation in the form of a qualifying insurance policy. The following tables summarise the components of net benefit expense recognised in the statement of profit and loss, the fund status and balance sheet position:

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for the year ended March 31, 2017

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

A) Net employee benefit expense (included under employee benefit expenses)

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Current service cost	255.18	121.80	122.52
Interest cost on benefit obligation	40.54	30.67	26.67
Expected return on plan assets	(7.11)	(6.55)	(6.72)
Net employee benefit expenses	**288.62**	**145.92**	**142.47**

B) Amount recognised in the Balance Sheet

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Defined benefit obligation	620.84	506.79	394.20
Fair value of plan assets	118.19	79.35	82.36
Net Plan Liability	**502.65**	**427.44**	**311.84**

C) Changes in the present value of the defined benefit obligation

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Opening defined benefit obligation	506.79	394.20	303.51
Current service cost	255.18	121.80	122.52
Interest cost	40.54	30.67	26.67
Benefits paid	(25.88)	(5.06)	(28.35)
Net Actuarial (gains)/losses on obligation for the year recognised under OCI	(155.79)	(34.82)	(30.15)
Closing defined benefit obligation	**620.84**	**506.79**	**394.20**

D) Changes in fair value of plan assets

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Opening fair value of plan assets	79.35	82.36	75.90
Adjustment to opening balance	6.73	2.05	9.80
Expected return	7.11	6.55	2.09
Contributions by employer	25.00	-	25.00
Actuarial Gain/(Loss) on plan assets	-	(6.55)	(2.09)
Benefits paid	-	(5.06)	(28.34)
Closing fair value of plan assets	**118.19**	**79.35**	**82.36**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Investments with Life Insurance Corporation	100%	100%	100%

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

E) Amount recognised in statement of other comprehensive income (OCI):(gross)

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Remeasurement for the period/ year - obligation gain	155.79	28.27	23.42

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below

	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Discount rate (p.a.)	8.00%	7.46%	7.83%
Expected return on assets (p.a.)	8.25%	8.25%	8.25%
Salary rise	8.00%	8.00%	10.00%
Attrition Rate	20.00%	20.00%	18.00%

1. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

2. The expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Disclosure related to indication of effect of the defined benefit plan on the entity's future cashflows:

Expected benefit payments for the year ending:

Year ending	Mar 31, 2017	Mar 31, 2016
March 2017	-	47.02
March 2018	52.79	42.23
March 2019	60.96	48.77
March 2020	69.98	55.98
March 2021	78.95	63.16
March 2022	87.94	70.35

The average duration of the defined benefit plan obligation at the end of the reporting year is 29.13 years (March 31, 2016: 29.71 years and April 01, 2015: 29.41 years).

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

Year ending	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016
(a) Effect of 1% change in assumed discount rate		
1% increase	614.35	501.49
1% decrease	628.04	570.99
(b) Effect of 1% change in assumed salary escalation rate		
1% increase	699.49	503.94
1% decrease	558.50	512.66
(c) Effect of 1% change in assumed attrition rate		
1% increase	617.35	455.90
1% decrease	628.04	512.66

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

31. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Details	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	334.83	247.51	242.18
ii) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
iii) Amount of interest due and payable for the period of delay in making payment without the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	-	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
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 Micro, Small and Medium Enterprise Development Act, 2006.	-	-	-

32. Research and development expenses

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

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Capital	115.02	275.02	629.41
Revenue	2,567.53	1,568.39	840.39
Total	**2,682.55**	**1,843.41**	**1,469.80**

33. Remuneration to statutory auditors

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
As Auditor	19.00	17.00	15.00
Tax Audit	3.00	3.00	3.00
Total	**22.00**	**20.00**	**18.00**

Notes to Consolidated financial statements

for the year ended March 31, 2017

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

34. Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Karvy Computershare Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
Tyche Technologies Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
Joint venture	
Granules-Biocause Pharmaceutical Co. Ltd	
Granules Omnichem Private Limited	
Key managerial personnel	
Mr.Krishna Prasad Chigurupati	Chairman & Managing Director
Mr.Harsha Chigurupati (Upto Oct 30, 2015)	Executive Director
Mrs. Uma Devi Chigurupati	Executive Director
Dr. V.V.N.K.V. Prasada Raju (w.e.f Jan 4, 2017)	Executive Director
Mr. V.V.S.Murthy	Chief Financial Officer
Mrs. Chaitanya Tummala	Company Secretary
Relatives to key managerial personnel	
Ms.Priyanka Chigurupati	Manager-Marketing
Mrs.V.V.N.Chandrika (Upto Mar 01, 2016)	Executive

Transactions during the year

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
a) Joint Ventures			
i) Granules Omnichem Private Limited			
Revenue	-	-	6.02
Purchases	-	6.15	16.91
Equity Subscribed	-	515.00	1,703.10
Corporate Guarantee to Joint Venture	12,464.57	13,571.10	12,096.00
ii) Granules-Biocause Pharmaceutical Co. Ltd			
Purchases	5,619.73	3,777.74	5,239.81
b) Transactions with enterprises over which key management personnel or their relatives exercise significant influence			
i) Karvy Computershare Private Limited			
Registrar Services	18.32	6.99	3.77
ii) Tyche Technologies Private Limited			
Rent	47.82	45.11	42.56
Money received against Warrants	8,148.86	9,630.30	-
c) Transactions with key managerial personnel or their relatives			
i) Mr.Krishna Prasad Chigurupati			
Remuneration	1,258.25	998.66	737.60
Money received against Warrants	-	3,477.26	-
ii) Mrs. Uma Devi Chigurupati			
Managerial Commission	909.31	798.94	590.08
iii) Mr.Harsha Chigurupati (Paid Upto July 31, 2015)			
Managerial Commission	-	57.85	147.52
Sitting fees (Paid since November 30, 2015)	2.00	0.80	-

Notes to Consolidated financial statements

for the year ended March 31, 2017

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

Transactions during the year (contd..)

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
iv) Dr. V.V.N.K.V. Prasad Raju (w.e.f Jan 4, 2017)			
Managerial Remuneration	58.33	-	-
v) Mr. V.V.S.Murthy			
Salary	216.49	167.18	118.52
vi) Ms.Priyanka Chigurupati			
Salary	26.26	11.88	11.84
vii) Mrs.V.V.N.Chandrika			
Salary	-	2.31	1.92
viii) Mrs. Chaitanya Tummala			
Salary	23.12	19.45	16.01
ix) Mrs. Shivangi Sharma			
Salary	-	-	7.64

Closing Balances

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
a) Joint Ventures			
i) Granules Omnichem Private Limited			
Investment in subsidiary (includes share of profits)	4,852.22	3,614.28	3,610.51
Trade Receivables	-	-	3.68
Trade Payables	-	3.54	-
ii) Granules-Biocause Pharmaceutical Co. Ltd			
Investment in subsidiary (includes share of profits)	4,562.69	3,333.41	3,010.63
Trade Payables	1,623.48	2,366.96	1,333.92
b) Enterprises over which key management personnel or their relatives exercise significant influence			
i) Karvy Computershare Private Limited			
Advance	0.62	2.23	-
ii) Tyche Technologies Private Limited			
Advance	44.58	44.58	44.58
Rental Deposit	20.00	20.00	20.00
Subscription Money towards warrants	-	2,716.29	-

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.

35. Interest in joint ventures:

The Group has a 50% interest in Granules Bio-cause Pharmaceutical co. ltd (GBPCL) and Granules Omnichem private Limited (GOPL).GBPCL is involved in the manufactures of Ibuprofen at a plant in central China. GOPL specializes in contract manufacturing of intermediates and APIs for innovator companies. The Group's interest in GBPCL and GOPL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint ventures, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Notes to Consolidated financial statements

for the year ended March 31, 2017

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

Summarised balance sheet as at March 31, 2017 of Granules Bio-cause Pharmaceutical co. ltd. (Converted using closing Exchange rate as on):

Particulars	As at December 31, 2016	As at December 31, 2015	As at April 01, 2015
Current assets, including cash and cash equivalents ₹ 4,904.64 lakhs (March 31, 2016: ₹ 1,759 lakhs, April 1, 2015: 1,377.96 lakhs)	10,615.28	10,378.49	13,861.13
Non-current assets including deferred tax assets ₹ 13.69 lakhs	2,391.50	2,528.31	2,739.30
Current liabilities, including tax payable ₹ Nil (March 31, 2016: ₹ 57 lakhs, April 1, 2015: Nil)	2,248.30	3,956.48	8,308.30
Non-current liabilities, including deferred tax liabilities ₹ Nil (March 31, 2016: ₹ 37.93 lakhs, April 1, 2015: Nil)	-	37.93	-
Equity	**10,758.47**	**8,912.38**	**8,292.13**
Proportion of the Group's ownership	50%	50%	50%
Group's Share at closing exchange rate	5,379.24	4,456.19	4,146.06
Carrying value of investment	4562.69	3,333.41	3,010.63

Summarised statement of profit and loss of the Granules Bio-cause Pharmaceutical co. ltd:

Particulars	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended April 01, 2015
Revenue	21,999.84	17,076.00	22,287.02
Cost of raw material and components consumed	11,800.70	10,954.29	15,448.46
Depreciation & amortization	368.98	428.15	564.82
Finance cost	46.80	(0.30)	193.94
Employee benefit	1,491.83	1,352.39	2,280.03
Other expense	5,367.58	3,481.10	3,627.98
Profit before tax	**2,923.94**	**860.38**	**171.79**
Income tax expense	465.38	214.83	5.67
Profit for the year	**2,458.56**	**645.55**	**166.12**
Total comprehensive income for the year	**2,458.56**	**645.55**	**166.12**
Group's share of profit for the year	**1,229.28**	**322.77**	**83.06**

a. Contingent liabilities of the above joint ventures ₹ Nil (March 31, 2016: ₹ Nil).

b. Capital commitments of the above joint ventures ₹ Nil (March 31, 2016: ₹ Nil)

Summarised balance sheet as at March 31,2017 of Granules Omnichem Private Limited:

Particulars	As at Mar 31, 2017	As at Mar 31, 2016	As at April 01, 2015
Current assets, including cash and cash equivalents ₹ 296.86 lakhs (March 31, 2016: ₹ 415.27 lakhs, April 1, 2015: 579.38 lakhs) and prepayments ₹ 50.42 lakhs (March 31, 2016: ₹ 23.06 lakhs, April 1,2015: ₹ 14.74 lakhs)	15,098.28	9,966.74	1,183.10
Non-current assets	18,187.66	19,585.37	21,422.24
Current liabilities	14,211.11	9,892.00	3,353.73
Non-current liabilities, including borrowing ₹ 9,369.67 lakhs (March 31, 2016: ₹ 12,430.18 lakhs, April 1, 2015: ₹ 12,038.70 lakhs)	9,370.38	12,431.54	12,038.91
Equity	**9,704.44**	**7,228.57**	**7,212.70**
Proportion of the Group's ownership	50%	50%	50%
Carrying amount of the investment	4,852.22	3,614.29	3,606.35

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Summarised statement of profit and loss of the Granules Omnichem Private Limited:

Particulars	For the year ended Mar 31, 2017	For the year ended Mar 31, 2016	For the year ended April 01, 2015
Revenue	20,245.54	1,515.31	205.68
Cost of raw material and components consumed	13,038.56	(480.51)	-
Depreciation & amortization	1,191.76	758.90	42.30
Finance cost	231.26	661.03	84.15
Employee benefit	899.69	420.95	56.03
Other expense	2,397.62	1,175.76	150.67
Profit before tax	**2,486.65**	**(1,020.82)**	**(127.47)**
Income tax expense	-	-	-
Profit for the year	**2,486.65**	**(1,020.82)**	**(127.47)**
Re-measurement gains/(loss) on employee defined benefit plans	(10.78)	6.69	
Total comprehensive income for the year	**2,475.87**	**(1,014.12)**	**(127.47)**
Group's share of profit for the year	**1,237.94**	**(507.06)**	**(63.74)**

a. Contingent liabilities of the above joint ventures ₹ Nil (March 31, 2016: ₹ Nil).

b. Capital commitments of the above joint ventures ₹ 98.59 lakhs (March 31, 2016: ₹31.95 lakhs)

36. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(A) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

(i) Lease commitments - the Company as lessee

The Group has entered into leases for office premises. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the land and office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the land and the office premises and accounts for the contracts as operating leases.

(B) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimation requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Black Scholes valuation model has been used by the Management for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 29.

(ii) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 30

37. Fair Values

The management assessed that loans, cash and cash equivalents, trade receivables, 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.

38. Financial risk management objectives and policies

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 Company result in material concentration of credit risk, except for trade receivable.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 41,770.02 lakhs, ₹ 37,534.58 lakhs and ₹ 35,724.75 lakhs as of March 31, 2017, March 31, 2016 and April 1, 2015 respectively, being the total of the carrying amount of balances with trade receivables.

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 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.

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.

Notes to Consolidated financial statements

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

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.

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.

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 in USD 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.

As the Group has no significant interest bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

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 US Dollar against the functional currencies of the Group.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under -

	In foreign currency-USD			In ₹		
Particulars	**Mar 31, 2017**	**Mar 31, 2016**	**April 01,2015**	**Mar 31, 2017**	**Mar 31, 2016**	**April 01, 2015**
Borrowings	115.94	163.38	209.22	7,517.47	10,799.67	13,090.71
Trade receivables	299.70	207.32	228.39	19,431.94	13,703.79	14,290.11
Trade payables	72.01	66.82	162.29	5,065.62	4,417.11	10,154.30
Short-term Borrowings	365.16	199.70	158.03	23,676.37	13,199.93	9,888.00
Others	18.44	32.23	7.05	1,195.65	2,130.60	440.92

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between Indian rupees and U.S. dollar will affect the Company's profit by approximately 0.76 % and 0.68% respectively.

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

39. Segment reporting

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

	For the year ended Mar 31, 2017			For the year ended Mar 31, 2016		
Particulars	**Outside India**	**Within India**	**Total**	**Outside India**	**Within India**	**Total**
Revenue	117,021.00	26,504.34	143,525.34	109,079.73	29,213.29	138,293.02
Non-current operating assets	16,832.04	67937.61	84,769.65	7,789.05	49,926.02	57,715.07

Non-current operating assets for this purpose consist of property, plant and equipment, capital work in progress and other non-current assets.

40. Group information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

		% of equity interest		
Particulars	**Country of incorporation**	**Mar 31, 2017**	**Mar 31, 2016**	**April 01, 2015**
Granules USA Inc	USA	100%	100%	100%
GIL Life sciences Private Limited	India	NA	100%	100%
Granules Pharmaceuticals Inc	USA	100%	100%	100%
Granules Europe Limited	UK	100%	NA	NA

Joint arrangement in which the Group is a joint venture

The Group has a 50% interest in Granules Bio-cause Pharmaceutical co. ltd and Granules Omnichem private Limited (March 31, 2016: 50%, April 1, 2015: 50%). For more details, refer to Note 35.

Notes to Consolidated financial statements

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

41. 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	₹	As % of consolidated profit and loss	₹	As % of consolidated other comprehensive income	₹	As % of total comprehensive income	₹
Parent								
Granules India Limited								
Balance as at March 31, 2017	98%	88,435.60	86%	14,228.80	69%	101.87	86%	14,330.67
Balance as at March 31, 2016	101%	66,818.13	98%	12,096.43	-7%	18.49	101%	12,114.92
Subsidiaries								
Foreign								
Granules USA Inc								
Balance as at March 31, 2017	1%	531.54	2%	346.21	-22%	(32.91)	2%	313.30
Balance as at March 31, 2016	0%	218.25	1%	168.67	149%	(372.52)	-2%	(203.85)
Granules Pharmaceuticals Inc								
Balance as at March 31, 2017	0%	(299.64)	-2%	(404.73)	57%	83.36	-2%	(321.38)
Balance as at March 31, 2016	0%	21.74	0%	-	-42%	104.20	1%	104.20
Joint ventures (investment as per the equity method)								
Indian								
Granules Omnichem private Limited								
Balance as at March 31, 2017	1%	564.13	8%	1,243.33	0%	-	7%	1,243.33
Balance as at March 31, 2016	-1%	(799.83)	4%	502.90	0%	-	4%	502.90
Foreign								
Granules Bio-cause Pharmaceutical co. ltd								
Balance as at March 31, 2017	3%	2,744.89	7%	1,229.28	-4%	(5.39)	7%	1,223.89
Balance as at March 31, 2016	4%	2,635.94	3%	322.77	0%	-	3%	322.77
On account of Eliminations								
Balance as at March 31, 2017	-2%	(1,616.98)	-1%	(190.97)	0%	-	-1%	(190.97)
Balance as at March 31, 2016	-4%	(2,734.23)	-6%	(790.73)	0%	-	-7%	(790.73)
Balance as at 31 March, 2017	**100%**	**90,359.54**	**100%**	**16,451.91**	**100%**	**146.92**	**100%**	**16,598.83**
Balance as at 31 March, 2016	**100%**	**66,160.00**	**100%**	**12,300.05**	**100%**	**(249.83)**	**100%**	**12,050.22**

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

42. Capital management

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

The Group manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by Equity plus net debt. Net debt consists of borrowings including interest accrued on borrowings, trade and other payables, less cash and short-term deposits.

	As at Mar 31, 2017	As at Mar 31, 2016
Borrowings including interest accrued on borrowings	65,718.42	64,171.44
Trade and other payables (Note 14B)	21,597.56	18,109.86
Other liabilities (Note 14c)	2,434.45	812.46
Less: cash and short-term deposits (Note 7)	(4,979.93)	(13,028.97)
Net debt	**84,770.50**	**70,064.79**
Equity	2,287.03	2,167.12
Other Equity	88,072.51	63,992.88
Total Equity	**90,359.54**	**66,160.00**
Equity and net debt	**175,130.04**	**136,224.79**
Gearing ratio	0.48	0.51

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 period. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2017.

43. First time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first set of financial statements,the Group has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP").

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 1, 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

(a) Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before April 1, 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Company recognises all assets acquired and liabilities assumed in a past business combination. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Group did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

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(b) As per IND- AS 20, benefit of a government loan at nil or below-market rate of interest (e.g. interest free sales tax deferral scheme) is treated as a government grant. A first time adopter can apply requirements in IND- AS 109 prospectively or retrospectively to government loans existing at the date of transition to IND- AS. Accordingly, the Group has chosen to use Indian GAAP carrying values as its carrying value under IND-AS and apply principles of IND-AS 109 prospectively

(c) The Group has elected to regard carrying values for all of property, plant and equipment as deemed cost at the date of the transition.

(d) The Group applied Ind AS 102 Share-based payment to equity instruments that remain unvested as of transition date. The Group has elected to avail this exemption and apply the requirements of Ind AS 102 to all such grants.Accordingly,these options have been measured at fair value as against intrinsic value previously under IGAAP.

(e) Ind AS 101 requires a first-time adopter to apply derecognition requirements in Ind AS 109 prospectively to transactions occurring on or after the date of transition to Ind AS. Accordingly, the Group continues to de-recognise the financial assets and financial liabilities for transactions which have occurred before the date of transition to Ind AS.

(f) The Group has elected to avail Ind AS 101 exemption with regard to Long Term Foreign Currency Monetary Items and may continue to adopt for accounting for exchange differences arising from translation of long-term foreign currency monetary items to be recognised in statement of profit and loss.

(g) Under Ind AS 109, at initial recognition of a financial asset, an entity may take irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial asset as 'fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Accordingly, the Group has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Estimates

The estimates as at April 01, 2015 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation. The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at April 01, 2015 (transition date), March 31, 2016 and March 31, 2017.

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

A Reconciliation of equity as at April 01, 2015 (date of transition to Ind-AS)

	Notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	i, xv	52,804.38	(8,905.43)	43,898.95
Capital work-in-progress	i	6,203.37	(3,072.61)	3,130.76
Intangiable assets	i	8,850.73	(161.44)	8,689.29
Financial assets				
Investments	i, ii & xiv	19.14	6,665.08	6,684.22
Others	i	682.32	(17.26)	665.06
Non Current tax assets (net)	i	1,393.56	(3.83)	1,389.73
Other non-current assets	i, iii	432.89	(285.13)	147.76
		70,386.39	**(5,780.62)**	**64,605.77**
Current assets				
Inventories	i	22,451.66	(1,583.84)	20,867.82
Financial assets				
Trade receivables	i, iv	14,880.49	20,844.26	35,724.75
Cash and cash equivalents	i	6,530.66	(1,046.13)	5,484.53
Loans		30.33	-	30.33
Other financial assets	i	49.25	(7.39)	41.86
Other current assets	i, iii	7,131.99	(2,668.82)	4,463.17
		51,074.38	**15,538.08**	**66,612.46**
TOTAL		**121,460.77**	**9,757.46**	**131,218.23**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		2,042.52		2,042.52
Other equity	ii, iii,v,vi, vii, xiv & xv	41,073.84	(37.52)	41,036.32
		43,116.36	**(37.52)**	**43,078.84**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	i	30,321.08	(6,053.67)	24,267.41
Net employee defined benefit liability	i, v	402.96	23.78	426.74
Deferred tax liabilities (net)	vi	4,927.95	(117.67)	4,810.28
		35,651.99	**(6,147.56)**	**29,504.43**
Current liabilities				
Financial liabilities				
Borrowings	i, iv	12,496.99	20,640.41	33,137.40
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		242.18	-	242.18
Total outstanding dues of creditors other than micro enterprises and small enterprises	i	18,520.35	(458.50)	18,061.85
Other financial liabilities	i	6,214.91	(320.33)	5,894.58
Other liabilities	i	3,873.07	(2,689.88)	1,183.19
Net employee defined benefit liability	vii	1,344.92	(1,229.16)	115.76
		42,692.42	**15,942.54**	**58,634.96**
TOTAL		**121,460.77**	**9,757.46**	**131,218.23**

Notes to Consolidated financial statements

for the year ended March 31, 2017

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

B Reconciliation of equity as at March 31, 2016

	Notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	i, xv	58,415.29	(10,706.95)	47,708.34
Capital work-in-progress	i, xv	7,658.08	(2.55)	7,655.53
Intangible assets	i	8,396.63	(111.18)	8,285.45
Financial assets				
Investments	i, ii & xiv	19.14	6,991.62	7,010.76
Others	i	632.81	(38.40)	594.41
Non Current tax assets (net)	i	866.00	25.38	891.38
Other non-current assets	i, iii	2,661.20	(310.00)	2,351.20
		78,649.15	**(4,152.08)**	**74,497.07**
Current assets				
Inventories	i	30,705.28	(5,333.47)	25,371.81
Financial assets				
Trade receivables	i, iv	15,255.72	22,278.86	37,534.58
Cash and cash equivalents	i	14,188.36	(1,159.39)	13,028.97
Loans		73.56	-	73.56
Other financial assets	i	525.71	(203.88)	321.83
Other current assets	i, iii	5,889.31	(419.91)	5,469.40
		66,637.94	**15,162.21**	**81,800.15**
TOTAL		**145,287.09**	**11,010.13**	**156,297.22**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		2,167.12	-	2,167.12
Other equity	ii, iii,v,vi, vii, xiv & xv	64,436.74	(443.86)	63,992.88
		66,603.86	**(443.86)**	**66,160.00**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	i	24,643.08	(6,221.81)	18,421.27
Net employee defined benefit liability	i, v	528.90	29.09	557.99
Deferred tax liabilities (net)	vi	5,803.27	(120.26)	5,683.01
		30,975.25	**(6,312.98)**	**24,662.27**
Current liabilities				
Financial liabilities				
Borrowings	i & iv	15,769.05	23,516.37	39,285.42
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		247.51	-	247.51
Total outstanding dues of creditors other than micro enterprises and small enterprises	i	17,666.73	195.62	17,862.35
Other financial liabilities	i	8,003.18	(725.97)	7,277.21
Other current liabilities	i	5,334.86	(4,690.86)	644.00
Net employee defined benefit liability	vii	686.65	(528.19)	158.46
		47,707.98	**17,766.97**	**65,474.95**
TOTAL		**145,287.09**	**11,010.13**	**156,297.22**

C Reconciliation of Statement of Profit and Loss for the year ended March 31, 2016

	Notes	Previous GAAP	Adjustments	Ind AS
Income				
Revenue from operations (gross)	I,viii & ix	143,118.43	(4,825.41)	138,293.02
Other income	i	602.56	(78.67)	523.89
Total revenue		**143,720.99**	**(4,904.08)**	**138,816.91**
Expenses				
Cost of materials consumed	i	82,989.59	(6,793.79)	76,195.80
Increase in work in progress and finished goods	i	(7,141.79)	3,448.84	(3,692.95)
Excise duty on sales	ix	-	2,575.51	2,575.51
Employee benefit expenses	i, x & xi	12,533.11	(775.71)	11,757.40
Other expenses	i, iii, viii & xvi	26,900.64	(3,069.91)	23,830.73
Depreciation / amortisation	i	6,432.99	(592.84)	5,840.15
Finance costs	i & xvi	3,991.94	(285.15)	3,706.79
Total expenses		**125,706.48**	**(5,493.05)**	**120,213.44**
Profit before tax		**18,014.51**	**588.97**	**18,603.47**
Tax expense				
Current tax	i	5,346.42	(94.40)	5,252.02
Deferred tax charge	vi	821.33	41.62	862.95
Total tax expense		**6,167.75**	**(52.78)**	**6,114.97**
Profit for the year before share of profit/(loss) in joint ventures		**11,846.76**	**641.75**	**12,488.50**
Share of Profit of equity accounted investees, net of tax	i	-	(188.45)	(188.45)
Profit for the year		**11,846.76**	**453.30**	**12,300.05**
OTHER COMPREHENSIVE INCOME (OCI)				
Other comprehensive income to be reclassified profit or loss in susequent period :				
Exchange difference on translation of foreign operations	xv	-	(268.32)	(268.32)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains / (losses) on employee defined benefit plans	xi	-	28.27	28.27
Deferred tax charge	vi		9.78	9.78
Total other comprehensive income for the year, net of tax		**-**	**(249.83)**	**(249.83)**
Total comprehensive income for the year, net of tax		**11,846.76**	**203.47**	**12,050.22**

D. Notes to reconciliation of equity as at April 01, 2015 and March 31, 2016 and profit or loss for the year ended March 31, 2016

i. Joint Venture

The group holds 50% interest in Granules Omnichem Private Limited and Granules-Biocause Pharmaceutical Co.Ltd and exercises joint control over the entities. Under Previous GAAP, group has proportionately consolidated its interest in the Granules Omnichem Private Limited and Granules-Biocause Pharmaceutical Co.Ltd in the Consolidated Financial Statement. On transition to Ind AS, the group has assessed and determined that Granules Omnichem Private Limited and Granules-Biocause Pharmaceutical Co.Ltd are its JV's under Ind AS 111 Joint Arrangements. Therefore, it needs to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investment is measured as the aggregate of Ind AS amount of assets and liabilities that the group had previously proportionately consolidated including any goodwill arising on acquisition. On application of equity method the investment stands increased by ₹ 6,621.15 lakhs on April 1, 2015 and by ₹ 6,947.69 lakhs on March 31, 2016. Derecognition of proportionately consolidated Granules Omnichem Private Limited and Granules-Biocause Pharmaceutical Co.Ltd has resulted in change in balance sheet, statement of profit and loss and cash flow statement. For its impact on the financial statement refer note 35.

ii. Investments

Investments in equity instruments are carried at fair value through OCI as per IND-AS 109 as compared to being carried at cost under Previous GAAP.

Notes to Consolidated financial statements

for the year ended March 31, 2017

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

iii. Unamortized expenses

The group carried unamortized VRS expenditure of ₹ 168.67 lakhs (April 1, 2015: ₹ 290.60 lakhs) and certain preliminary expense of ₹ 15.00 lakhs (April 1, 2015: ₹ 15.00 lakhs) under Previous GAAP. As the same do not meet the definition of assets, have been adjusted against in opening reserves.

iv. Bill discounting with Banks

The company had discounted certain export bills under recourse method. The Company was de-recognising the same under Previous GAAP. As per Ind AS 109, "if the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognise the financial asset". As the bills were discounted under recourse method, the Company has recognised both receivable and borrowings.

v. Compensated Absences

As per Ind AS 19,the Company recognised a liability in the books for accumulated sick leaves, net of related deferred taxes as per certified valuer to an extent of ₹ 29.76 lakhs.

vi. Deferred Tax Liabilities

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the Balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Previous GAAP. In addition, the various transitional adjustments lead to temporary differences and the Company has accounted for such differences. Deferred tax adjustment are recognised in correlation to the underlying transaction in other equity.

vii. Proposed dividend:

Under Previous GAAP, proposed dividends including DDT are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability towards dividend for the year ended March 31, 2016 and April, 1, 2015 to an extent of ₹ 521.61 lakhs and ₹ 1,229.16 lakhs respectively, has been derecognised against retained earnings and adjusted as an appropriation for the year ended March 31, 2017 and March 31, 2016.

viii. Revenue

Trade discounts allowed to an extent of ₹ 75.88 lakhs shown as an expense in Previous GAAP is adjusted against revenue as per Ind -AS 18.

ix. Excise Duty on sale of Goods

As per Previous GAAP, excise duty should be included and shown as reduction from the gross turnover on the statement of profit and loss.However, Ind AS 18 does not specifically prescribe any guidance for inclusive presentation of excise duty. Accordingly the Company has presented revenue gross of excise duty. This resulted in increase of revenue and increase of excise duty expense to an extent of ₹ 2,575.51 lakhs. Further, amounts collected by the seller on behalf of the government are not be included as part of the revenue as per IND-AS 18.

x. Share based payments:

The Company has granted employee stock options to certain employees of the Company or its subsidiaries. Under Previous GAAP as both intrinsic value or fair value method were allowed for the purpose of accounting of the compensation cost, the Company has accounted the same on intrinsic value method. However, as per IND- AS 102, the Company has to account for the same only on fair value method. Accordingly, for employee stock options not vested before date of transition, the Company has accounted for such options under fair value method. Thus, the employee benefit cost is increased by ₹ 79.34 lakhs.

xi. Remeasure of actuarial gains/ (losses):

Both under Previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost is reduced by ₹ 28.27 lakhs and remeasurement gains/ losses on defined benefit plans has been recognized in the OCI.

xii. Other comprehensive income

As per Ind AS, the company translated Previous GAAP profit or loss to total comprehensive income.

xiii. Statement of cash flows

The transition from Previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

xiv. Foreign currency translation

Under Previous GAAP, the Group recognised translation differences on foreign operations in a separate component of equity. Under Ind AS, cumulative currency translation differences for all foreign operations are deemed to be zero as at April 1, 2015. The resulting adjustment of ₹ 1,139.92 lakhs was recognised against retained earnings.

xv.Translation to the presentation currency

Under Previous GAAP, the Group translated non-monetary items of a foreign operations in a reporting currency by using historical rate as against closing rate as on balance sheet date as per Ind AS, 21. This has resulted in addition of ₹ 2.05 lakhs and ₹ 5.69 lakhs as at April 01, 2015 and March 31, 2016 respectively in Property, plant and equipment and ₹ 98.51 lakhs as at March 31, 2016 in Capital work in progress.Further under previous GAAP, the forex difference on monetary items are charged to Profit & Loss is now transferred to OCI as per Ind AS.

xvi. Foreign exchange loss

Foreign exchange loss re-grouped from finance cost to other expenses

44. During the year, the Hon'ble High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh has approved the scheme of amalgamation ("Scheme") of GIL Lifesciences Private Limited, a wholly owned subsidiary of the Company and the Company by its order dated September 01, 2016 and the same has been filed with Registrar of Companies ("ROC") on October 26, 2016. In terms of the scheme, with effect from April 01, 2016 ("Appointed date"), interalia, the following effect has been given as directed by the court;

a) The Company has recorded assets and liabilities of GIL Lifesciences Private Limited at their respective fair values.

b) Intercompany investments, balances and transactions have been eliminated.

c) There is no impact on the profit on account of the above scheme.

45. Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016. The denomination wise SBNs and other notes as per the notification is given below:

	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	76,500	34,624	111,124
Add: Permitted receipts	-	1,706,629	1,706,629
Less: Permitted payments	-	(1,619,760)	(1,619,760)
Less: Amount deposited in banks	(76,500)	-	(76,500)
Closing cash in hand as on December 30, 2016	-	121,493	121,493

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

Notes to Consolidated financial statements

for the year ended March 31, 2017

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

46. The financial statements of each of the subsidiary and joint venture, other than Granules Biocause Pharmaceutical Co. Ltd are drawn up to the same reporting date i.e. year ended March 31, 2017, for the purpose of consolidation. The audited consolidated financial statements of Granules Biocause Pharmaceutical Co. Ltd for year ended December 31, 2016 (previous year financial statements up to December 31, 2015) have been used for the purpose of consolidation. Adjustments have been made for the effects of significant transactions or other events that occur between the date of financial statements of Granules Biocause Pharmaceutical Co. Ltd and March 31, 2017.

47. Figures in Balance Sheet, Statement of Profit and Loss and Notes to audited financial statements have been rounded off to the nearest thousand and have been expressed in terms of decimals of thousands.

As per our report of even date.

For **Kumar & Giri**
Chartered Accountants
FRN 001584S

J.Bhadra Kumar
Partner
Membership No.025480

Place: Hyderabad
Date: May 11, 2017

For and on behalf of the **Board of Directors**

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN-00020180

V.V.S.Murthy
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Form AOC -I

(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/Joint Ventures

Part "A" : Subsidiaries

(₹ in Lakhs)

Name of the Subsidiary	Granules USA, Inc.	Granules Pharmaceuticals Inc.
1. Reporting period	March 31, 2017	March 31, 2017
2. Exchange rate as on the last date of the financial year	INR 64.84/USD	INR 64.84/USD
3. Share capital	116.31	1,225.00
4.Other Equity	531.54	(299.64)
5. Total Assets	14,514.66	19,635.60
6. Total Liabilities	13,866.81	18,710.24
7. Investments	-	-
8. Turnover	39,558.16	-
9. Profit/(loss) before taxation	598.20	(404.73)
10. Provision for taxation	251.99	-
11. Profit/(loss) after taxation	346.21	(404.73)
12. Proposed Dividend	-	-
13. % of shareholding	100%	100%

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Ventures

Part "B" : Joint Ventures

Name of Joint Ventures	Granules Biocause Pharmaceuticals Co., Ltd.	Granules Omnichem Private Limited
1. Latest audited Balance Sheet Date	December 31, 2016	March 31, 2017
2. Shares of Joint Ventures held by the company on the year end		
i) Number	16,500,000	42,880,967
ii) Amount of Investment in Joint Venture	1819.03	4288.10
iii) Extent of Holding%	50%	50%
3. Description of how there is significant influence	Joint venture agreement	Joint venture agreement
4. Reason why the joint venture is not consolidated	Not Applicable	Not Applicable
5. Net worth attributable to shareholding as per latest audited Balance Sheet	5,379.24	4,852.22
6. Profit/(Loss) for the year		
i) Considered in Consolidation	1,229.28	1,237.94
ii) Considered in Consolidation	-	-

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

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN-00020180

V.V.S.Murthy
Chief Financial Officer

Chaitanya Tummala
Company Secretary

GRANULES INDIA LIMITED
(CIN: L24110TG1991PLC012471)
Regd. Office: 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad - 500 081 (TS)
Web: www.granulesindia.com, Email: investorrelations@granulesindia.com, Tel: +91-40-30660000

NOTICE

Notice is hereby given that the 26th Annual General Meeting (AGM) of the Company, Granules India Limited will be held on Thursday, September 28, 2017 at 4.00 PM at Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 (TS), India to transact the following Businesses:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statement of the Company for the financial year ended March 31, 2017 together with the reports of the Board of Directors and the Auditors thereon and the consolidated Audited Financial Statement of the Company for the financial year ended March 31, 2017 and report of Auditors thereon.

2. To declare a final dividend of 25 paisa per equity share and to approve and to ratify the interim dividend of 65 paisa per equity share, already paid during the year for the year ended March 31, 2017.

3. To appoint a Director in place of Mr. Kolli Basava Sankar Rao (DIN: 05167550), who retires by rotation and, being eligible, seeks re-appointment.

4. To appoint Statutory Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution:**

RESOLVED THAT pursuant to Section 139, 141, 142 and 143 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 with all statutory amendments/modifications, if any, M/s. B S R & Associates LLP, Chartered Accountants registered vide Firm Registration No. 116231W/W-100024 be appointed as the Statutory Auditors of the company to hold office from the conclusion of the 26th Annual General Meeting till the conclusion of the 31st Annual General Meeting of the Company, subject to ratification of such appointment at every Annual General Meeting, with remuneration as may be decided by the Board of Directors.

SPECIAL BUSINESS:

5. To re-appoint Mrs. Uma Devi Chigurupati as Whole-Time Director of the Company in terms of provisions of Sections 196, 197, 203 read with schedule V to the Companies Act, 2013, and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution 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 and subject to such other approvals and consents as may be necessary, consent of the members be and is hereby accorded for the re-appointment of Mrs. Uma Devi Chigurupati (holding DIN 00737689), as Whole-Time Director of the Company for a period of 5(five) years effective from 31st May, 2017, liable to retire by rotation, on the following terms and conditions:

Mrs. Uma Devi Chigurupati shall be paid remuneration partly by way of monthly salary and partly by way of commission on net profits provided however that, the said salary, commission and all perquisites together shall not exceed 4(four) percent of the net profits of the Company calculated in accordance with the procedure laid down under section 198 of the Companies Act, 2013.

Mrs. Uma Devi Chigurupati shall be paid the remuneration in the following manner however, within the above specified limit:

Salary

₹ 24,00,000 (twenty four lacs) per annum

The following perquisites and allowances shall form part of the salary of ₹ 24,00,000 per annum as under:

i) Reimbursement of medical expenses – ₹18,000 per annum

ii) Leave Travel Allowance – ₹72,000 per annum

iii) Provision of car with reimbursement of driver's salary and fuel expenses subject to a maximum of ₹ 2,40,000 per annum

iv) Reimbursement of insurance premium for coverage under Personal Accident Policy (self & dependants)

v) Reimbursement of insurance premium for coverage under Mediclaim Policy (self & dependants).

vi) Gratuity and /or contribution to the Gratuity Fund of the Company as per the policy of the Company.

RESOLVED FURTHER THAT the aggregate of above salary, perquisites, allowances and commission taken together shall be subject to the overall ceilings laid down under Section 197 of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and shall accordingly adjusted and appropriated in such manner that will not exceed 4 percent of the net profit of the company calculated in accordance with 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 her tenure, the Company shall pay to Mrs. Uma Devi Chigurupati, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and 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.

RESOLVED FURTHER THAT Mrs. Uma Devi Chigurupati, Whole-Time Director shall not be paid sitting fees for attending meetings of the Board of Directors or any Committee(s) thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, ambiguity or doubt that may arise in relation thereto, in order to give effect to the foregoing resolution. The limits of the remuneration specified above are the maximum limits and the Board / Nomination and Remuneration Committee at its discretion may revise the above limits within the maximum limits to comply with the requirements of sections 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the Act.

6. To consider the appointment of Dr. V.V.N.K.V Prasada Raju, who was appointed as an Additional Director by the Board w.e.f January 4, 2017 to hold that office up to date of the 26th Annual General Meeting, as a Director of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution:**

   RESOLVED THAT pursuant to the Articles of Association of the Company and provisions of section 152 and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification(s) thereto or any re-enactment thereof for the time being in force, Dr. V.V.N.K.V Prasada Raju (holding DIN 07267366) who was appointed as an Additional Director by the Board on January 4, 2017, in terms of provisions of section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and whose term of office expires at the 26th Annual General Meeting and in respect of whom the Company has received a notice from the member in writing, under section 160 of the Companies Act, 2013 along with requisite deposit proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

7. To appoint Dr. V.V.N.K.V Prasada Raju as Whole-Time Director of the Company and pay him remuneration in terms of provisions of Sections 196, 197, 198 and 203 read with schedule V to the Companies Act, 2013, and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution:**

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 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 and the Articles of Association of the Company, consent of the members be and is hereby accorded for the appointment of Dr. V.V.N.K.V. Prasada Raju (holding DIN 07267366), as the Whole Time Director of the Company, designated as an Executive Director, for a period of five (5) years with effect from January 4, 2017, on the terms and conditions set hereunder:

A. Salary :

i) Basic Pay: ₹ 33,00,000/- (Rupees Thirty Three Lakhs only) per annum as Basic Salary.

ii) Educational Allowance: ₹ 9,600/- (Rupees Nine Thousand and Six Hundred only) per annum as Educational allowance.

iii) Special Allowance: ₹ 44,00,000/- (Rupees Forty Four Lakhs only) per annum as Special Allowance. This allowance however, will not be taken into account for calculation of benefits such as Provident Fund, Superannuation and Leave encashment.

B. Perquisites :

In addition to the above, the following perquisites to be paid:

i) House Rent Allowance: ₹ 12,00,000/- (Rupees Twelve Lakhs only) per annum paid as House Rent Allowance in lieu of company provided accommodation

ii) Reimbursement of Medical expense: Reimbursement of all medical expenses incurred for self and dependents, as per the Company policy upto a maximum of ₹ 15,000/- (Rupees Fifteen Thousand only) per annum.

iii) Leave Travel Expense: Leave Travel Expenses for self and dependents, in accordance with the policy of the Company up to a maximum of ₹ 72,000/- (Rupees Seventy Two Thousand only) per annum.

iv) Car and Driver's Salary for company's business: Company car shall be provided for business purpose and re-imbursement of driver's salary.

v) Leave encashment as per the policy of the Company.

vi) Corporate Club Fees for two identified clubs.

vii) Personal accident Insurance Premium: Reimbursement of Insurance premium for coverage under Personal Accident Policy for self and dependents, as per the policy of the company.

viii) Mediclaim Policy – Reimbursement of insurance premium for self and dependents as per the policy of the company.

ix) Contribution towards Provident Fund and superannuation fund as per the policy of the Company.

x) Gratuity and /or contribution to the Gratuity Fund of Company as per the policy of the Company.

xi) Long-term Incentive Compensation/ Employee Stock Option as per the plan applicable to Executive Directors and/or Senior Executives of the Company.

xii) Commission as decided by the Board of Directors from time to time.

xiii) Other allowances / benefits & perquisites: Any other allowances, benefits and perquisites as per the rules applicable to the Senior Executives of the Company and / or which may become applicable in the future and/ or any other allowance, perquisites as the Board may from time to time decide.

All the above perquisites and benefits would be subject to the applicable Company policy.

RESOLVED FURTHER THAT the aggregate of above salary, perquisites and allowances taken together along with perquisite value on exercise of stock options and commission if any, shall not exceed 1(one) percent of the net profits of the Company 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 shall pay to Dr. V.V.N.K.V. Prasada Raju, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits and procedure specified in Schedule V of 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.

RESOLVED FURTHER THAT Dr. V.V.N.K.V. Prasada Raju, Whole-Time Director shall not be paid sitting fees for attending meetings of the Board of Directors or any Committee(s) thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, ambiguity or doubt that may arise in relation thereto, in order to give effect to the foregoing resolution. The limits of the remuneration specified above are the maximum limits and the Board / Nomination and Remuneration Committee at its discretion may revise the above limits within the maximum limits to comply with the requirements of sections 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the Act.

8. To consider issue of shares to employees of the Company under the Employee Stock Option Scheme

   To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

RESOLVED THAT pursuant to section 62(1)(b) and the applicable provisions of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modifications or re-enactment thereof), 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, and other rules, regulations, circulars and guidelines of any / various statutory / regulatory authority(ies) that are or may become applicable (collectively referred herein as the 'Applicable Laws') and subject to any approvals, permissions and sanctions of any / various authority(ies) as may be required and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall include the Nomination and Remuneration Committee (Who is appointed as the 'Administrator') and any other committee(s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this resolution) the approval of the shareholders be and is hereby accorded to the Board to introduce, offer, issue and allot stock options under a Scheme titled 'Granules India Limited – Employee Stock Option Scheme-2017' (hereinafter referred to as the "ESOS 2017"), the salient features of which are furnished in the Explanatory Statement to this Notice and to grant such options, 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.

RESOLVED FURTHER THAT the maximum number of stock options granted to Eligible Employees under the ESOS 2017 shall not exceed 1,14,35,100 equity shares (as adjusted for any changes in capital structure of the company) at a price decided by the Board or the Administrator from time to time in accordance with the ESOS 2017.

RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari-passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board or the Administrator be and is hereby authorized on behalf of the Company to make and carry out any modification, changes, variations, alterations or revisions in the terms and conditions of the ESOS 2017 or to the terms of the stock options granted and / or vested but not exercised, including modifications or changes to the quantum and price of such stock options, from time to time, in accordance with applicable laws and regulations prevailing from time to time, as it may deem fit, necessary or desirable, without requiring the Board to secure any further consent(s) or approval(s) of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger, or sale of division(s) of the Company or other similar events, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure that fair and equitable benefits under the ESOS 2017 are passed on to the Eligible Employees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the shares allotted under the ESOS 2017 on the Stock exchange as per the provisions of the Listing Agreements with the Stock Exchange concerned in accordance with SEBI Regulations and other applicable laws and regulations.

RESOLVED FURTHER THAT for the purpose of bringing into effect and implementing the ESOS 2017 and generally for giving effect to these resolution, the Board be and is hereby authorized, on behalf of the Company, to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for such purpose and with power to settle any issues, questions, difficulties or doubts that may raise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein, to any Committee of Directors, with power to further delegate such powers to any executives / officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc., as may be necessary in this regard.

9. To consider issue of shares to employees of the Company's Subsidiaries under the Employee Stock Option Scheme

   To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

RESOLVED THAT pursuant to section 62(1)(b) and the applicable provisions of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modifications or re-enactment thereof), 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, and other rules, regulations, circulars and guidelines of any / various statutory / regulatory authority(ies) that are or may become applicable (collectively referred herein as the 'Applicable Laws') and subject to any approvals, permissions and sanctions of any / various authority(ies) as may be required and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall include the Nomination and Remuneration Committee (Who is appointed as the 'Administrator') and any other committee(s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this resolution) the approval of the shareholders be and is hereby accorded to the Board to introduce, offer, issue and allot stock options under a Scheme titled 'Granules India Limited – Employee Stock Option Scheme-2017' (hereinafter referred to as the "ESOS 2017"), the salient features of which are furnished in the Explanatory Statement to this Notice and to grant such options, to such person(s) who are in the permanent employment of the Company's Subsidiaries, whether working in India or out of India and to the Directors of the Company's Subsidiaries 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.

RESOLVED FURTHER THAT the maximum number of stock options granted to Eligible Employees of both employees of the Company and its subsidiaries under the ESOS 2017 shall not exceed 1,14,35,100 equity shares (as adjusted for any changes in capital structure of the company) at a price decided by the Board or the Administrator from time to time in accordance with the ESOS 2017.

RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari-passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board or the Administrator be and is hereby authorized on behalf of the Company to make and carry out any modification, changes, variations, alterations or revisions in the terms and conditions of the ESOS 2017 or to the terms of the stock options granted and / or vested but not exercised, including modifications or changes to the quantum and price of such stock options, from time to time, in accordance with applicable laws and regulations prevailing from time to time, as it may deem fit, necessary or desirable, without requiring the Board to secure any further consent(s) or approval(s) of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger, or sale of division(s) of the Company or other similar events, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure that fair and equitable benefits under the ESOS 2017 are passed on to the Eligible Employees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the shares allotted under the ESOS 2017 on the Stock exchange as per the provisions of the Listing Agreements with the Stock Exchange concerned in accordance with SEBI Regulations and other applicable laws and regulations.

RESOLVED FURTHER THAT for the purpose of bringing into effect and implementing the ESOP Scheme 2017 and generally for giving effect to these resolution, the Board be and is hereby authorized, on behalf of the Company, to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for such purpose and with power to settle any issues, questions, difficulties or doubts that may raise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein, to any Committee of Directors, with power to further delegate such powers to any executives / officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc., as may be necessary in this regard.

10. Re-classification of certain individuals/entities from the existing "Promoter & Promoter Group category" to "Public Category"

    To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

RESOLVED THAT in accordance with Regulation 31A of the SEBI (Listing Obligations & Disclosure Requirements)Regulations, 2015 including any statutory modification(s) or re-enactment thereof, for the time being in force and other applicable provisions, and subject to necessary approvals from the Stock Exchanges and other appropriate statutory authorities, as may be necessary, the consent of the Members of the Company be and is hereby accorded to reclassify the following persons/entities (hereinafter individually & jointly referred to as the 'applicants') forming part of the Promoter Group from 'Promoter & Promoter Group category' to 'Public category':

i. Mr. Sampath Kumar Ramanavarapu

ii. Mr. Vijay Ramanavarapu

iii. Ms. Vidya Ramanavarapu

iv. Triton Securities LLP

RESOLVED FURTHER THAT on approval of the Stock Exchange upon application for reclassification of the aforementioned applicants, the Company shall effect such re-classification in the Statement of Shareholding pattern from immediate succeeding quarter under Regulation 31 of SEBI (Listing Obligation & Disclosure Requirements) Regulations,2015 and compliance to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, and other applicable provisions.

RESOLVED FURTHER THAT any of the Directors of the Company or Company Secretary or such other person as authorized by the Board, be and is hereby authorized to submit application for reclassification to the Stock Exchanges, wherein the securities of the Company are listed or any other regulatory body, as may be required, and to take such steps expedient or desirable to give effect to this resolution.

11. Increase in investment limits of Foreign Institutional Investors and Foreign Portfolio Investors

    To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

RESOLVED THAT pursuant to the applicable provisions of Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, Foreign Direct Investment Policy, Companies Act 2013 and all other applicable rules, regulations, circulars, directions, notifications, press notes, guidelines and laws (including any statutory modifications or re-enactment thereof, from time to time) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include a committee thereof for the time being exercising the powers conferred on the Board by this Resolution, to which committee any such powers of the board may be delegated by the Board), consent of the Company be and is hereby accorded to the Board to permit Foreign Institutional Investors ("FII") registered with the Securities and Exchange Board of India ("SEBI") to acquire and hold, on their own account and/or and on behalf of their SEBI approved sub-accounts or Foreign Portfolio Investors ("FPI"), equity shares of the Company, provided that the equity shareholding of all such FIIs, sub-accounts and FPIs put together shall not exceed 49% (forty nine per cent) of the total paid-up Equity Share Capital of the Company, provided however that the shareholding of each FII, on its own account and on behalf of each of the SEBI approved sub-accounts in the Company or FPI shall not exceed 10% (ten per cent) of the total paid-up Equity Share Capital of the Company or such limits as are applicable or may be prescribed, from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto including intimating the concerned authorities or other regulatory bodies and delegating all or any of the power conferred herein to any committee or Directors of the Company.

By Order of the Board of Directors
For **Granules India Limited**

Chaitanya Tummala
Company Secretary

Hyderabad
July 5, 2017

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is also entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Information relating to e-voting is given in this Notice under Note No. 16. The Company will also send communication relating to remote e-voting which inter alia would contain details about User ID, password and e-voting instructions along with a copy of this Notice to the members, separately.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.

5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. Members who hold shares in dematerialization form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.

7. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.

8. Those members who have so far not en-cashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government on the respective dates mentioned in the tabular statement.

Financial year	Type of dividend	Due date of transfer
2009-2010	Final	26/10/2017
2010-2011	Final	17/10/2018
2011-2012	Final	08/08/2019
2012-2013	Final	25/09/2020
2013-2014	Final	04/10/2021
2014-2015	Final	19/09/2022
2015-2016	1st Interim	03/09/2022
	2nd Interim	07/12/2022
	3rd Interim	05/03/2023
	Final	03/06/2023
2016-2017	1st Interim	16/09/2023
	2nd Interim	30/11/2023
	3rd Interim	05/03/2024

9. (i) The Company has notified closure of Register of Members and Share Transfer Books from Friday, September 22, 2017 to, Thursday, September 28, 2017 (both days inclusive) for determining the names of members eligible for final dividend on equity shares, if declared at the Meeting.

   (ii) The Board of Directors of the Company at their Meeting held on May 11, 2017 has recommended a dividend of 25 paisa per share on equity share of ₹ 1/- each as final dividend for the financial year 2016-17 in addition to the interim dividend paid during the year. Final dividend, if declared, at the Annual General Meeting, will be paid on or before October 27, 2017.

10. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Karvy Computershare Private Limited ("Karvy") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.

11. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Karvy.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.

13. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy, for consolidation into a single folio.

14. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

15. The annual report for the financial year 2016-17 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the depository participants. The annual report is also available on our website, i.e. www.granulesindia.com. The physical copy of the annual report has been sent to those members who have either opted for the same or have not registered their email addresses with the Company/ depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2016-17, free of cost, upon sending a request to the Company Secretary at 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad 500 081.

16. Information relating to e-voting is as under:

    i. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and regulation 44 of the Listing Regulations, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

    ii. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through 'Insta Poll'.

    iii. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

    iv. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility.

    v. The Board of Directors of the Company has appointed Mr. Dhanunjaya Kumar Alla, a Practicing Chartered Accountant, Partner, M/s. Dhanunjaya & Haranath, Chartered Accountants, Hyderabad, as Scrutinizer to scrutinize the Insta Poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.

    vi. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. September 21, 2017.

vii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. September 21, 2017 only, shall be entitled to avail the facility of remote e-voting / Insta Poll.

viii. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. September 21, 2017 may obtain the user ID and password in the manner as mentioned below:

a. 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

Example for NSDL:
MYEPWD <SPACE> IN12345612345678

Example for CDSL :
MYEPWD <SPACE> 1402345612345678

Example for Physical :
MYEPWD <SPACE> XXXX1234567890

b. If 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.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

c. Member may call Karvy's toll free number 1-800-3454-001

d. Member may send an e-mail request to evoting@karvy.com

e. If the member is already registered with Karvy e-voting platform then he can use his existing user ID and password for casting the vote through remote e-voting.

ix. The remote e-voting facility will be available during the following period:

Commencement of remote e-voting: From 9.00 a.m. (IST) on September 25, 2017

End of remote e-voting: Up to 5.00 p.m. (IST) on September 27, 2017.

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.

x. The Scrutinizer, after scrutinising the votes cast at the meeting (Insta Poll) and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.granulesindia.com and on the website of Karvy https://evoting.karvy.com. The results shall simultaneously be communicated to the Stock Exchanges.

xi. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 28, 2017.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESSES PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 5:

Mrs. Uma Devi Chigurupati has rich experience of more than three decades in various fields. Mrs. Uma Devi Chigurupati with Mr. Krishna Prasad Chigurupati had co-founded Triton Laboratories Private Limited in the year 1984, which was later amalgamated with Granules India Limited. Presently, she is spear heading CSR activities and HR initiatives. In addition, Mrs. Uma Devi Chigurupati is the Director of KRSMA Estates Private Limited, one of India's premier boutique wineries. Under her tenure, she has established a vineyard in Karnataka and has been overseeing the ongoing operations at the site. Mrs. Uma Devi Chigurupati has a post-graduate degree in Botany (soil microbiology) from Nagarjuna University.

In view of her expertise and managerial abilities, Mrs. Uma Devi Chigurupati was appointed as an Executive Director by the members in the 21st Annual General Meeting held on 2nd July 2012 for a period of five years w.e.f. 31st May 2012. The current term of office of Mrs. Uma Devi Chigurupati as an Executive Director expires on 30th May 2017. Considering the commitment consistently shown and results exhibited, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Mrs. Uma Devi Chigurupati as Whole-Time Director of the Company for a further period of 5 (five) years effective from 31st May 2017. The re-appointment of Mrs. Uma Devi Chigurupati is appropriate and in the best interest of the Company for the results shown and the efforts made by her 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 Mrs. Uma Devi Chigurupati as Whole-Time Director and the remuneration payable to her.

In the event of any loss or inadequacy of profits in any financial year during her tenure, the Company shall pay to Mrs. Uma Devi 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.

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 Mrs. Uma Devi Chigurupati as Whole-Time Director of the Company for a period of five years commencing from 31st May 2017.

The Board recommends the Special Resolution set forth in Item No. 5 for approval of the Members.

Mr. Krishna Prasad Chigurupati, Chairman and Managing Director, Mrs. Uma Devi Chigurupati, Executive Director and Mr. Harsha Chigurupati, Non-Executive Director 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 Director or KMPs, are in any way concerned or interested financially or otherwise in the proposed Resolution.

Item No. 6 & 7:

Dr. V.V.N.K.V. Prasada Raju has over two decades of techno commercial experience in Global pharmaceutical space. His previous experience at Dr. Reddy's encompasses New Product development, foster strategic partnerships, drive synergies between Industry and Academia, New Geography expansions, IP driven early product portfolio development and program management and this expertise is of immense worth to the company for its growth.

The Board of Directors pursuant to section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, appointed Dr. V.V.N.K.V. Prasada Raju as an Additional Director of the Company with effect from January 4, 2017 by resolution of the Board of Directors at its meeting dated January 4, 2017. In terms of section 161(1) of the Act, Dr. V.V.N.K.V. Prasada Raju holds office up to the date of 26th Annual General Meeting. Notice in terms of provisions of section 160 of the Companies Act, 2013 along with the requisite deposit has been received from a member proposing the candidature of Dr. V.V.N.K.V. Prasada Raju as a Director of the Company.

The Board recommends the resolution to be passed as an Ordinary Resolution as set out in Item no. 6 for your approval.

Considering his capabilities of multi-tasking and immense contributions to the Company more particularly in the field of research and development and product filings as well as the recommendations of Nomination and Remuneration Committee, the Board of Directors appointed Dr. V.V.N.K.V. Prasada Raju as whole-time Director of the Company designated as Executive Director w.e.f. January 4, 2017 subject to necessary approval by the members.

The approval of the members is being sought to the terms and conditions of the appointment of Dr. V.V.N.K.V. Prasada Raju as Whole-Time Director and the remuneration payable to him.

In the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Dr. V.V.N.K.V. Prasada Raju, 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.

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 appointment of Dr. V.V.N.K.V. Prasada Raju as Whole-Time Director of the Company for a period of five years commencing from 4th January 2017.

The Board recommends the Special Resolution set forth in Item No. 7 for approval of the Members.

None of the Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, are in any way concerned or interested financially or otherwise in the proposed Resolution.

Item No. 8 &9:

Human Capital is the key resource of the competitive advantage and the continuing growth and development of any organization. The success of organizations to a large extent depends on its ability to attract, retain and motivate its employees. Offering stock options go a long way in achieving the above key objectives. With this in view and in order to enable the employees to participate in the long-term growth and financial success of the Company, to achieve sustained growth of the Company, create shareholder value by aligning the interests of the employees with the long term interests of the Company and create a sense of ownership and participation amongst employees including employees of its subsidiary company(ies), it is proposed to formulate an ESOP scheme titled "Granules India Limited - Employee Stock Option Scheme 2017 (the ESOS 2017)".

Your Company had already issued and granted stock options to the employees of the company under the ESOS 2002 and ESOS 2009 and these were very successful and have given the desired results. In order to continue these stock option benefits and motivate the employees and extend these options to employees who have recently joined the organization, the Board of Directors in its meeting held on May 11, 2017 have proposed to formulate the ESOS 2017.

The main features of the ESOS 2017 are as under:

a) Brief description of the scheme:

The Company proposes to introduce the ESOS 2017 primarily with a view to attract, retain, incentivise and motivate the existing Employees of the Company and its subsidiary(ies), Employees joining the Company and its subsidiary(ies) that would lead to higher corporate growth. The ESOS 2017 contemplates grant of options to the eligible employees, as may be determined in due compliance of SEBI SBEB Regulations and provisions of the ESOS 2017. After vesting of options, the eligible employees earn a right (but not obligation) to exercise the vested options within exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Nomination & Remuneration Committee ('Committee') of the Company shall administer the ESOS 2017. All questions of interpretation of the ESOS 2017 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the ESOS 2017.

b) Total number of Options to be granted:

The total number of options to be granted under the ESOS 2017 shall not exceed 1,14,35,100 (One crore fourteen lakhs thirty five thousand one hundred only). Each option when exercised would be converted in to one Equity Share of ₹ 1/- each fully paid-up.

Further, the SEBI SBEB Regulations require that in case of any corporate action(s) such as rights issue, bonus issue, merger, sale of division etc., a fair and reasonable adjustment needs to be made to the options granted. In this regard, the Committee shall adjust the number and price of the options granted in such a manner that the total value of the options granted under the ESOS 2017 remain the same after any such corporate action.

c) Identification of classes of Employees entitled to participate in the ESOS 2017:

All the Permanent Employees (including Executive or Non-Executive Director) working in India or out of India of the Company and of the Subsidiary Companies whether existing or future shall be eligible to participate in the scheme. However the following persons shall not be eligible to participate in the ESOS 2017:

1. an Employee who is a Promoter or belongs to the Promoter Group;
2. a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company; and
3. an Independent Director within the meaning of the Companies Act, 2013

d) Requirements of vesting and period of vesting:

The Options granted shall vest so long as the employee continues to be in the employment of the Company. Vesting of the options shall take place over a maximum period of 5 years with a minimum vesting period of 1 year from the date of grant. The Committee shall decide on the vesting schedule.

e) Maximum period within which the options shall be vested:

All the options granted on any date shall vest not later than a maximum of 5 (Five) years from the date of grant of options as may be determined by the Committee.

f) Exercise price or pricing formula:

The options would be granted at the market price of the shares as on one day prior to the date of grant on that stock exchange where there is highest trading volume on the said date.

g) Exercise period and the process of exercise:

The exercise period will commence from the date of vesting and will expire not later than 7th year from the date of grant of the option or such other period as may be determined by the Committee.

The vested Option shall be exercisable by the Employees by a written application to the Company expressing their desire to exercise such Options in such manner and on such format as may be prescribed by the Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

h) Appraisal process for determining the eligibility of Employees under the ESOS 2017:

The appraisal process for determining the eligibility of the employee will be decided by the Committee, and will be based on criteria such as seniority of employee, length of service, performance record, merit of the employee, future potential contribution by the employee and/ or such other criteria that may be determined by the Committee at its sole discretion.

i) Maximum number of Options to be issued per Employee and in aggregate:

The maximum number of options granted to any employee including Directors of the Company in any one year will not exceed 1% (one per cent) of the issued equity share capital (excluding outstanding warrants and conversions) of the Company subject to a limit of five lakhs options in each grant.

The total number of Options that may be granted to the eligible Employees of the Company/its subsidiaries in any financial year and in aggregate under the ESOS 2017 shall not exceed 1,14,35,100 (One crore fourteen lakhs thirty five thousand one hundred only) Options.

j) Maximum quantum of benefits to be provided per Employee under the ESOS 2017:

The maximum quantum of benefits underlying the options issued to an eligible employee shall be equal to the difference between the option exercise price and the market price of the shares as on the exercise date.

k) Route of ESOS 2017 implementation:

The ESOS 2017 shall be implemented and administered directly by the Company through the Committee under the broad policy and framework laid down by the Board of Directors in accordance with the authority delegated to the Committee in this regard from time to time. In case Company wishes otherwise, it may be intimated to the members in due course as per applicable laws.

l) Source of acquisition of shares under the ESOS 2017:

The ESOP 2017 contemplates fresh/new issue of shares by the Company.

m) Amount of loan to be provided for implementation of the scheme(s) by the Company to the trust, its tenure, utilization, repayment terms, etc.:

This is not relevant under the present ESOS 2017.

n) Maximum percentage of secondary acquisition:

This is not relevant under the present ESOS 2017.

o) Accounting and Disclosure Policies:

The Company shall follow the Guidance Note on Accounting for Employee Share-based Payments ('Guidance Note') and/or any relevant Accounting Standards as may be prescribed by the competent authorities from time to time, including the disclosure requirements prescribed therein.

p) Method of option valuation:

The Company shall adopt 'fair value method' for valuation of Options as prescribed under the Guidance Note or under any relevant accounting standard notified by appropriate authorities from time to time.

As the ESOS 2017 provides for issue of equity shares to be offered to persons than the existing members of the Company, consent of the Members is being sought pursuant to Section 62 and all other applicable provisions, if any, of the Act and as per Regulation 6 of SEBI SBEB Regulations. Pursuant to the provisions of the SEBI SBEB Regulations, a separate resolution is required to be passed if the grant of option, shares or other benefits, as the case may be, to the employees of subsidiaries. Accordingly, approval of members is sought for item no.8 & 9.

None of the Directors, Key Managerial Personal of the Company and their relatives are interested in the resolutions, except to the extent of their entitlements, if any, under the ESOS 2017.

Item No.10:

Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'Listing Regulations') has provided a regulatory mechanism for re-classification of Promoters and Promoter group as Public Shareholders subject to fulfillment of conditions as provided therein.

In this regard, the Company received application from the following promoter group persons/entities pursuant to Regulation 31A of the Listing Regulations, 2015 for re-classifying them under the Public Category since their names have been included as a part of the Promoter group and are not 'Immediate relatives'/ controlled by the Promoter of the Company as per the definition of promoter group as provided in Regulations 2(1)(zb)(ii) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. They are financially independent persons/entities, who take independent investment decisions and are no way related to any of the business carried out by the Company. Further they do not hold any key managerial position or representations of the Board of Directors in the Company and have not engaged in any management or day to day affairs of the Company. None of their act influences the decision taken by the Company and they do not have any special right through formal or informal arrangements with the Company or with the Promoter of the Company.

Sl. No	Name	No. of Shares Held in the Company as on 28th April 2017	% of holding in the total capital of the Company as on 28th April 2017
1	Sampath Kumar Ramanavarapu	110600	0.05
2	Ramanavarapu Vijay	1461868	0.64
3	Vidya Ramanavarapu	424054	0.19
4	Triton Securities LLP	6829270	2.99
	Total	**8825792**	**3.86**

In view of the explanations given by the applicants as detailed above and in consideration to the conditions as stipulated in Regulation 31A of the Listing Regulations, 2015, the Board of Directors of the Company at their meeting held on 11th May, 2017, have approved all the applications for reclassification received by the Company as above from Promoter group category to Public category subject to approval by the members and relevant regulatory authorities. As required, intimation has been sent to Stock Exchanges based on declaration received from the aforesaid persons/entities.

None of the concerned persons/entities, acting individually and in concert, directly or indirectly exercise control over the management and affairs of the Company. Their shareholding along with persons acting in concert does not exceed 10% of the total share capital of the Company.

Further as per Rule 19A of the Securities Contracts (Regulation) Rules, 1957, the public shareholding as on date of the notice fulfills the minimum public shareholding requirement of at least 25% and the proposed reclassification does not intend to increase the Public Shareholding to achieve compliance with the minimum public shareholding requirement.

Your Directors recommend the passing of the Resolution in Item No. 10 of the Notice as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, are in any way concerned or interested financially or otherwise in the proposed Resolution.

Item No.11:

In terms of Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Institutional Investors ("FII") registered with the Securities and Exchange Board of India ("SEBI") can acquire and hold on their own account and on behalf of their SEBI approved sub-accounts or Foreign Portfolio Investors ("FPI") together, up to an aggregate limit of 24% of the paid up Equity Share Capital of an Indian Company. The said Regulations further provide that the limit of 24% can be further increased up to the sectoral cap/statutory ceiling as applicable, by passing a resolution of the Board, a special resolution to that effect by its members and followed by necessary filings with the Reserve Bank of India.

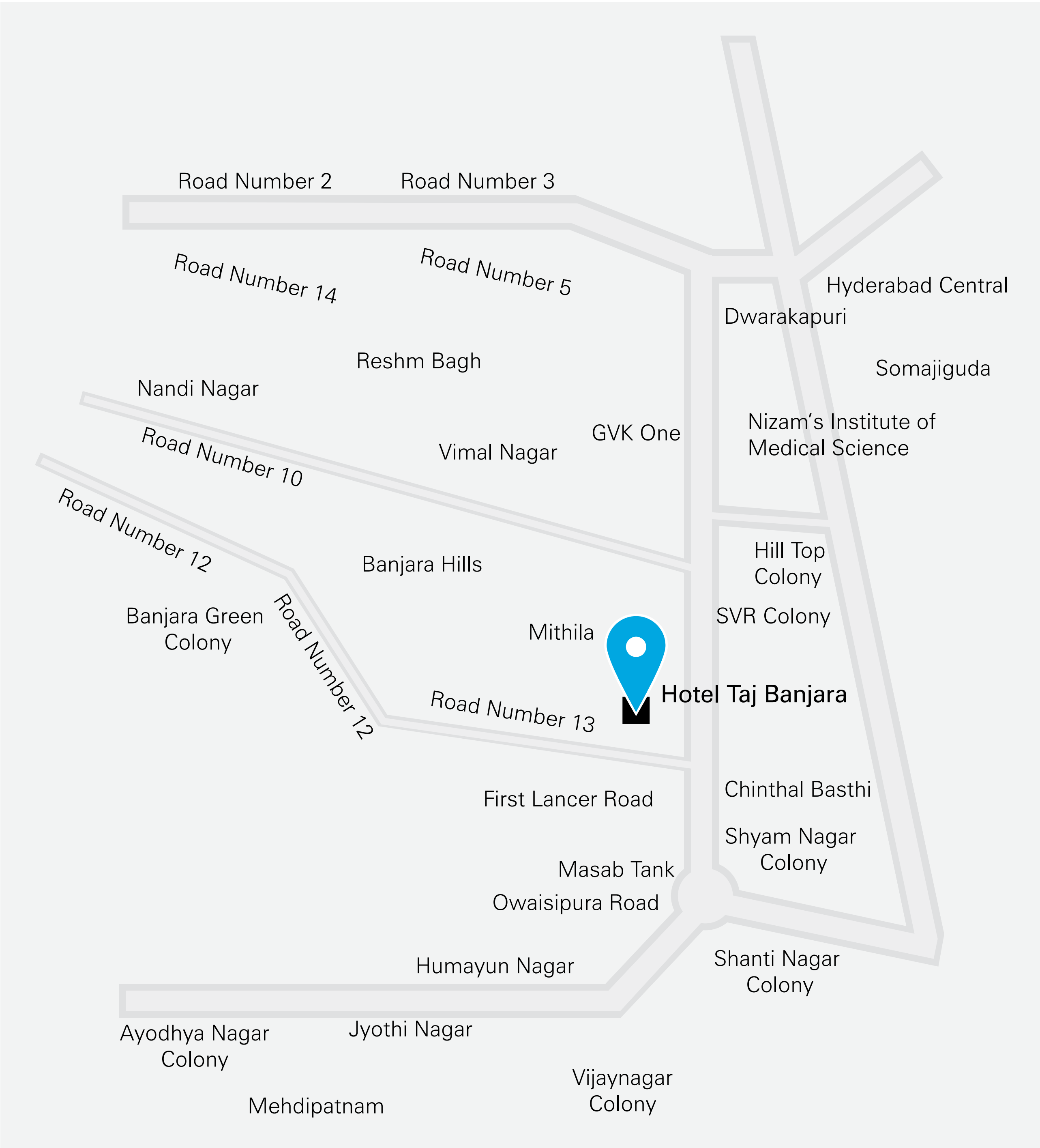
As of March 31, 2017, holding of FIIs / FPIs in the Company was less than 24% of paid up capital. To make more space for FIIs / FPIs to invest in the equity of the Company, it is proposed to increase the present limit of FII / FPIs shareholding in the company from 24% to 49% of paid up equity share capital of the Company. The Board had decided to increase the aggregate permissible limit of FIIs / FPIs in equity shareholding of the Company from 24% to 49% (forty nine per cent) of the paid-up Equity Share Capital of the Company, subject to the approval of the members.

Accordingly, the Resolution set out at Item no. 11 of this notice is proposed to enable the FIIs / FPIs to acquire Equity Shares of the Company up to the revised ceiling limit of 49% of the paid-up Equity Share Capital of the Company under the Portfolio Investment Scheme of the Reserve Bank of India.

Your Directors recommend the passing of the Resolution in Item No. 11 of the Notice as Special Resolution.

None of the Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, are in any way concerned or interested financially or otherwise in the proposed Resolution.

ROUTE MAP OF AGM VENUE



GRANULES

GRANULES INDIA LIMITED

(CIN: L24110TG1991PLC012471)

Regd. Office: 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad - 500 081 (TS)

Web: www.granulesindia.com, Email: investorrelations@granulesindia.com, Tel: +91-40-30660000

ATTENDANCE SLIP

(ANNUAL GENERAL MEETING)

*DP ID ____ Folio No. ______________________________

Client ID ____ No. of shares held _______________________

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of Granules India Limited.

I hereby record my presence at the Annual General Meeting of the Company at Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 (TS) on Thursday , the 28th day of September, 2017 at 4:00 PM.

______________________________ ______________________________

Member's/Proxy's/Representative's name Signature of Member/Proxy/Representative

*Applicable if shares are held in electronic form.

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copy of Notice to the meeting.

GRANULES INDIA LIMITED
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Form No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	L24110TG1991PLC012471		
Name of the company	Granules India Limited		
Registered office	2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad (TS) - 500 081		
Name of the member(s)			
Registered Address			
E-mail Id			
Folio No./Client Id		DP ID	

I/We, being the holder(s) of ___________ shares of the above named company, hereby appoint

1.	Name			
	Address			
	E-mail id		Signature	
	or failing him			

2.	Name			
	Address			
	E-mail id		Signature	
	or failing him			

3.	Name			
	Address			
	E-mail id		Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Thursday, the 28th day of September, 2017 at 4:00 p.m. at Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 (TS) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Particulars
Ordinary Business	
1.	Consider and adopt Audited Financial Statement, Report of Board of Directors and Auditors.
2.	Declaration of final dividend of 25 paisa per equity share and approval and ratification of interim dividend of 65 paisa per equity share paid during the FY 2016-17.
3.	To appoint a Director in place of Mr. Kolli Basava Sankar Rao (DIN: 05167550), who retires by rotation and, being eligible, seeks re-appointment.
4.	Appointment of Statutory Auditors and fixing their remuneration.
Special Business	
5.	Re- appointment of Mrs. Uma Devi Chigurupati (holding DIN 00737689) as whole - time Director of the Company.
6.	Appointment of Dr. V.V.N.K.V. Prasada Raju (holding DIN 07267366) as Director of the Company.
7.	Appointment of Dr. V.V.N.K.V. Prasada Raju (holding DIN 07267366) as whole - time Director of the Company.
8.	Issue of shares to employees of the Company under the Employee Stock Option Scheme 2017.
9.	Issue of shares to employees of the Company's subsidiaries under the Employee Stock Option Scheme 2017.
10.	Re-classification of certain individuals/entities from the existing "Promoter & Promoter Group category" to "Public Category".
11.	Increase in investment limits of Foreign Institutional Investors and Foreign Portfolio Investors.

Signed this .... day of .... 2017.

Please Affix Revenue Stamp and sign across

Signature of shareholder ______________________ Signature of Proxy holder(s) ______________________

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Corporate Information

BOARD OF DIRECTORS

Mr. Krishna Prasad Chigurupati, Chairman and Managing Director – Non-Independent

Mr. L.S. Sarma, Director – Non-Executive, Independent

Mr. A.P. Kurian, Director – Non-Executive, Independent

Mr. C. Parthasarathy, Director – Non-Executive, Independent

Dr. Krishna Murthy Ella, Director – Non-Executive, Independent

Mr. Arun Rao Akinepally, Director – Non-Executive, Independent

Mr. Harsha Chigurupati, Director – Non-Executive, Non-Independent

Mrs. Uma Devi Chigurupati, Executive Director – Non-Independent

Mr. K.B. Sankar Rao, Director – Non-Executive, Non-Independent

Dr. V. V. N. K. V. Prasada Raju, Executive Director - Non - Independent

CHIEF FINANCIAL OFFICER

Mr. K. Ganesh

CHIEF OPERATING OFFICER

Mr. M. Sreekanth

CHIEF MARKETING OFFICER

Mr. Stefan Lohle Corredor

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Chaitanya Tummala

REGISTERED OFFICE

2nd Floor, 3rd Block, My Home Hub, Madhapur,
Hyderabad (TS) 500 081, Ph: 91-40-30660000
Fax: 91-40-23115145
E-mail: investorrelations@granulesindia.com

STATUTORY AUDITORS

M/s. Kumar & Giri
Chartered Accountants
8-2-686/B/1, 12 Vyjayanthi, Flat # 3 & 4,
2nd Floor, Road # 12, Banjara Hills,
Hyderabad (TS) – 500 034

INTERNAL AUDITORS

M/s. Dhanunjaya & Haranath
Chartered Accountants
302, Wings, 8-3-960/6/2, Srinagar Colony,
Hyderabad (TS)- 500 073

SECRETARIAL AUDITORS

M/s. Saurabh Poddar & Associates,
4-1-6/A/1, 2nd Floor, AB Chambers,
Street No:- 6, Tilak Road,Abids,
Hyderabad (TS) - 500 001

REGISTRAR & TRANSFER AGENT

Karvy Computershare Pvt. Ltd.
Karvy Selenium
Tower B, Plot number 31 & 32, Financial District
Gachibowli, Hyderabad 500 032 India.
Tel: +91-40-67161500
Toll Free No: 1-800-3454-001; Fax: +91-40-23001153
E-mail: einward.ris@karvy.com
Website: www.karvycomputershare.com

Granules India Limited

Registered Office:
2nd Floor, 3rd Block My Home Hub,
Madhapur, Hyderabad- 500 081 (TS)
Ph: 91-40-30660000, Fax: 91-40-23115145
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