



RESEARCH &  
DEVELOPMENT



QUALITY &  
COMPLIANCE



CUSTOMER  
RELATIONSHIPS



MANAGEMENT  
BANDWIDTH

**STRENGTHENING FUNDAMENTALS.  
BUILDING VALUE.**



## FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

## Essential Read

### Chairman & Managing Directors' Message

#### 12-13

Our progress in FY15 will solidify our base while helping us deliver enhanced value to our stakeholders.

### R&D Focus

#### 16-17

Support growth strategy by developing new products and processes, which enhance our range.

### Engaging Employees

#### 22-23

The knowledge and skills of our people help us deliver on our commitments.

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For additional information  
please visit: [www.granulesindia.com](http://www.granulesindia.com)



A TRIBUTE TO OUR CHAIRMAN  
**LATE DR. CHIGURUPATI NAGESWARA RAO**  
(1927-2014)

Dr. Chigurupati Nageswara Rao was a visionary whose dynamism and futuristic thinking led to the building of an organisation known for its professionalism and globally-benchmarked expertise. Honesty, Knowledge, Respect and Trust were the pillars on which he built Granules. Today, the organisation has indeed come a long way from its modest beginnings.

Dr. Nageswara Rao was an active member of the Indian Medical Association and Association of Surgeons of India. He worked hard to help improve the country's health care ecosystem.

**DR. NAGESWARA RAO'S VISION IS POWERING ALL MEMBERS OF THE  
GRANULES FAMILY TO ATTAIN NEW HEIGHTS OF EXCELLENCE.**





At Granules, building value over long-term is rooted in our corporate culture, thus forming an inseparable part of our fundamentals. Driven by the firm belief that progress is vital to sustainability, we have invested significant resources for vertical integration and for business expansion.



During the year, we continued to move towards building long-term value through determined steps in this direction.

We are strengthening our R&D backbone to grow existing businesses and to explore new areas of opportunities.

We have entered into the realm of high-margin products through the acquisition of Auctus Pharma Ltd. (APL) and have started the development of APIs through in-house R&D.

We are putting more emphasis on quality compliance to strengthen every aspect of our business.

We are also building strong customer relationships, expanding management bandwidth, securing revenues through long-term contracts, going deeper into regulated markets and changing the revenue mix.

With fundamentals in better shape, our strategic priorities include enhancing customer satisfaction and consumer well-being, extending presence in developed and emerging markets, strengthening governance and risk management, improving employee engagement and meeting investor expectations.

These initiatives will help us transform relentlessly and create value sustainably across industry cycles.

**Dominant share in first line of defense molecules**

**Sales ₹ 1,293 Cr. up by 18% over FY14**

# CONSISTENT VALUE CREATOR

OUR STRENGTH LIES IN VERTICALLY INTEGRATING OUR ACTIVE PHARMACEUTICAL INGREDIENTS (APIs) AND PHARMACEUTICAL FORMULATION INTERMEDIATES (PFIs) WITH FINISHED DOSAGES (FDs) TO YIELD QUALITY, GENERIC FORMULATIONS.

We leverage cutting-edge science and technology with a firm commitment to ensure good health for all. Our integrated model for manufacturing APIs, PFIs and FDs makes it possible to provide products across the value chain, which enhances competitiveness and value.

Over the years, we have emerged as a knowledge-driven, R&D focused and multi-product organisation.

We have invested relevant resources to build a world-class infrastructure for APIs, PFIs and FDs formulations.

**To grow and create sustainable value as a vertically integrated pharmaceutical company.**

Among the top global manufacturers of Paracetamol, Ibuprofen, Metformin and Guaifenesin	7 Manufacturing facilities	Possesses industry-leading 6 MT single batch size for manufacturing PFIs
Pioneered the concept of commercialising PFIs		

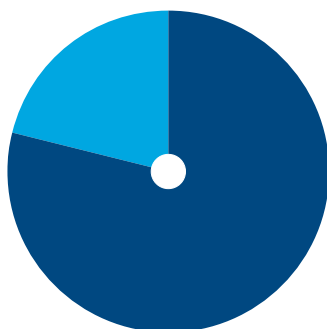
## Manufacturing Facilities

Product	Location of the plant
Active Pharmaceutical Ingredients (API)	Bonthapally
	Jeedimetla
	Vizag
	Jingmen – China (Granules Biocause - JV)
API Intermediaries	Bonthapally
Pharmaceutical Formulation Intermediates (PFI)	Jeedimetla
	Gagillapur
Finished Dosages (FD)	Gagillapur
CRAMS	Vizag (Granules Omnicem - JV)



## REVENUE MIX

%



■ Export 79

■ Domestic 21

## SCALE AND LEADERSHIP

- ➔ Large manufacturing facilities approved by leading regulatory agencies
- ➔ Optimal mix of high-quality products at competitive costs
- ➔ State-of-the-art R&D facilities for APIs, PFIs and FDs

## OPERATIONAL EXCELLENCE

- ➔ Vertical integration
- ➔ Proven regulatory exercise
- ➔ Technology and know-how for speciality formulations

## ROBUST SERVICE DELIVERY

- ➔ Global marketing network
- ➔ Customer-centric approach and partnership oriented marketing
- ➔ Speed and efficiency in execution

## VISION

"To be the global leader in pharmaceutical manufacturing by process innovation and unparalleled efficiencies."

## MISSION

Our drive to be the best is unparalleled. We will match our drive by partnering with global leaders in our markets, building lasting relationships, and the foundation for mutual growth and success. To this end, we have integrated our production forwards and backwards thereby completing our value proposition. But we are not satisfied with that alone. We will continuously support this endeavour by smoothing the process end-to-end through advanced technology, eco-friendly solutions and giving our

people the training they need to be the best in their field. In the end, our products will be superior in quality and a proud testament of how we believe in doing business at Granules.

## VALUES

**Integrity:** We will maintain consistency in our values, means and actions in conducting our business

**Quality:** We will strive to maintain the highest standards in all our products and processes

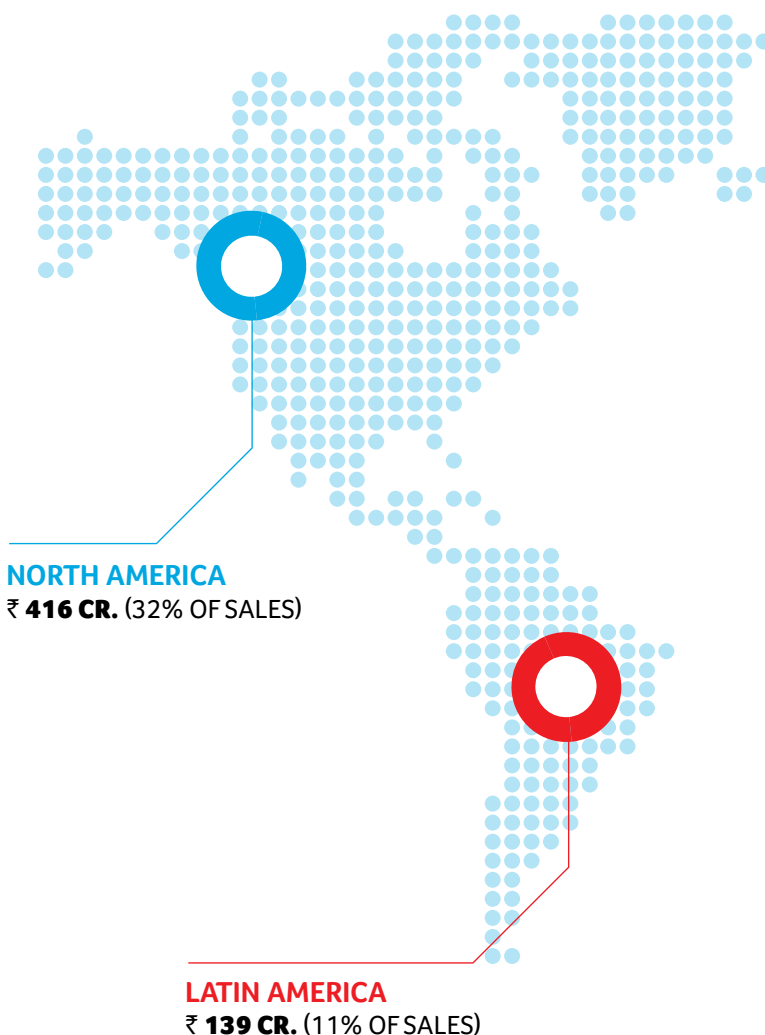
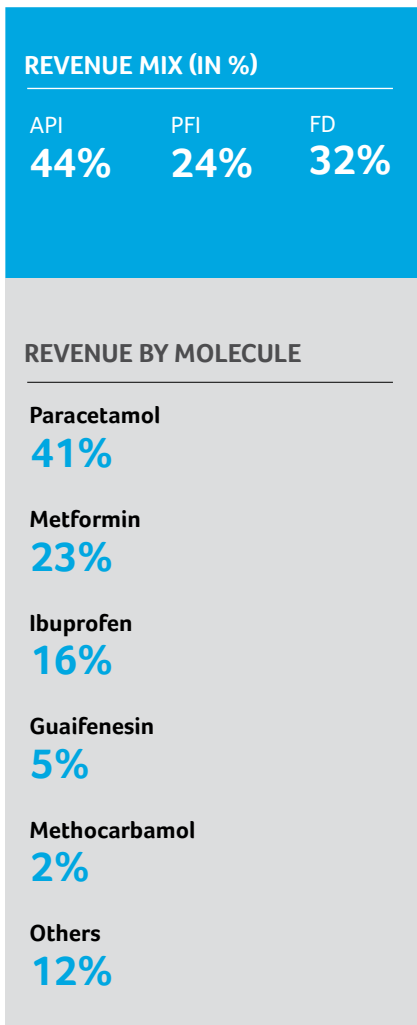
**Continuous improvement:** We will systematically enhance our products, processes and services

**People:** We will cultivate a conducive environment where individuals can realise their potential

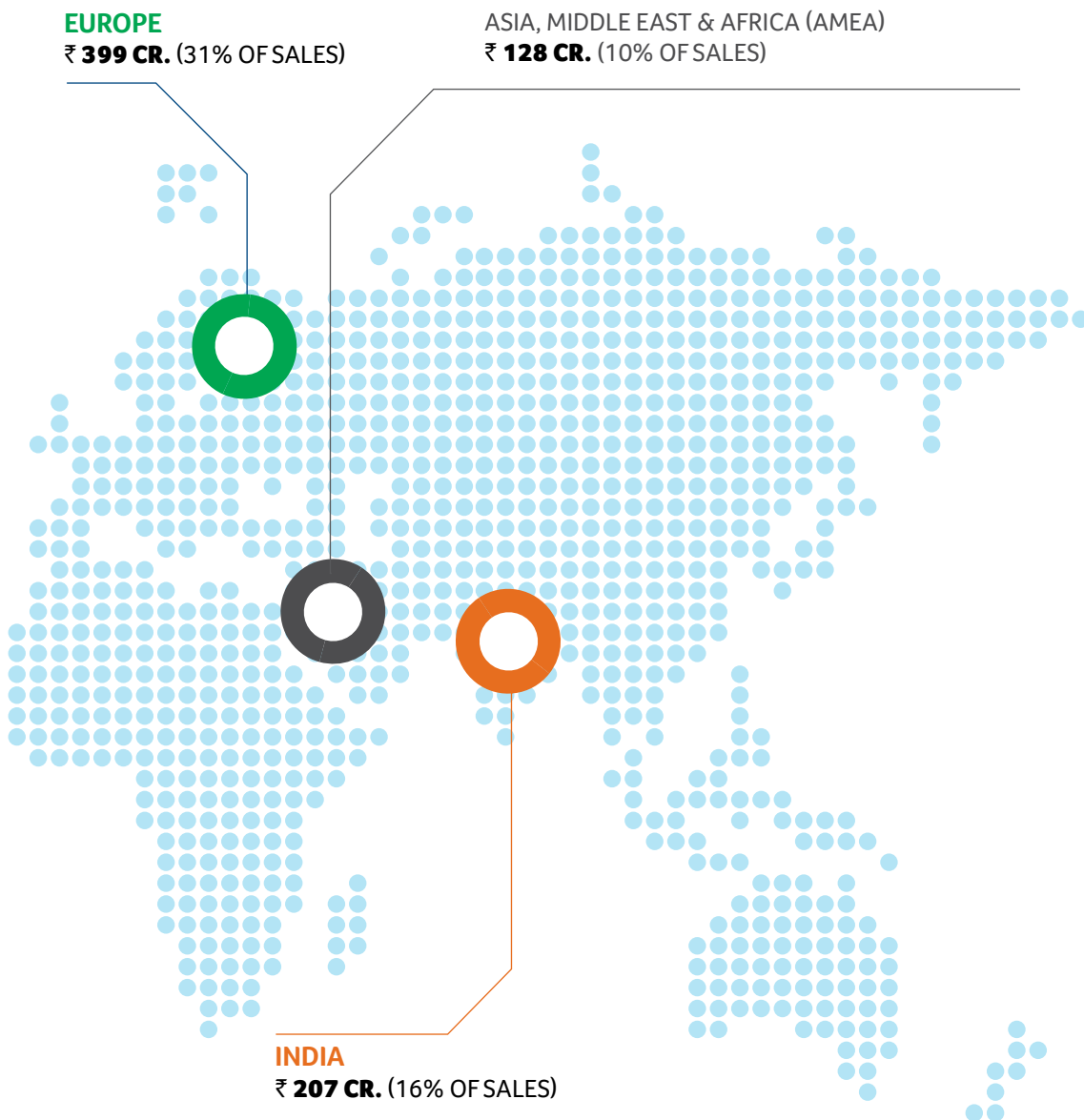
**Customer-centric:** We will focus our energies towards understanding and addressing customer requirements

# REVENUE BREAK-UP FOR FY15

## REVENUE BY GEOGRAPHY



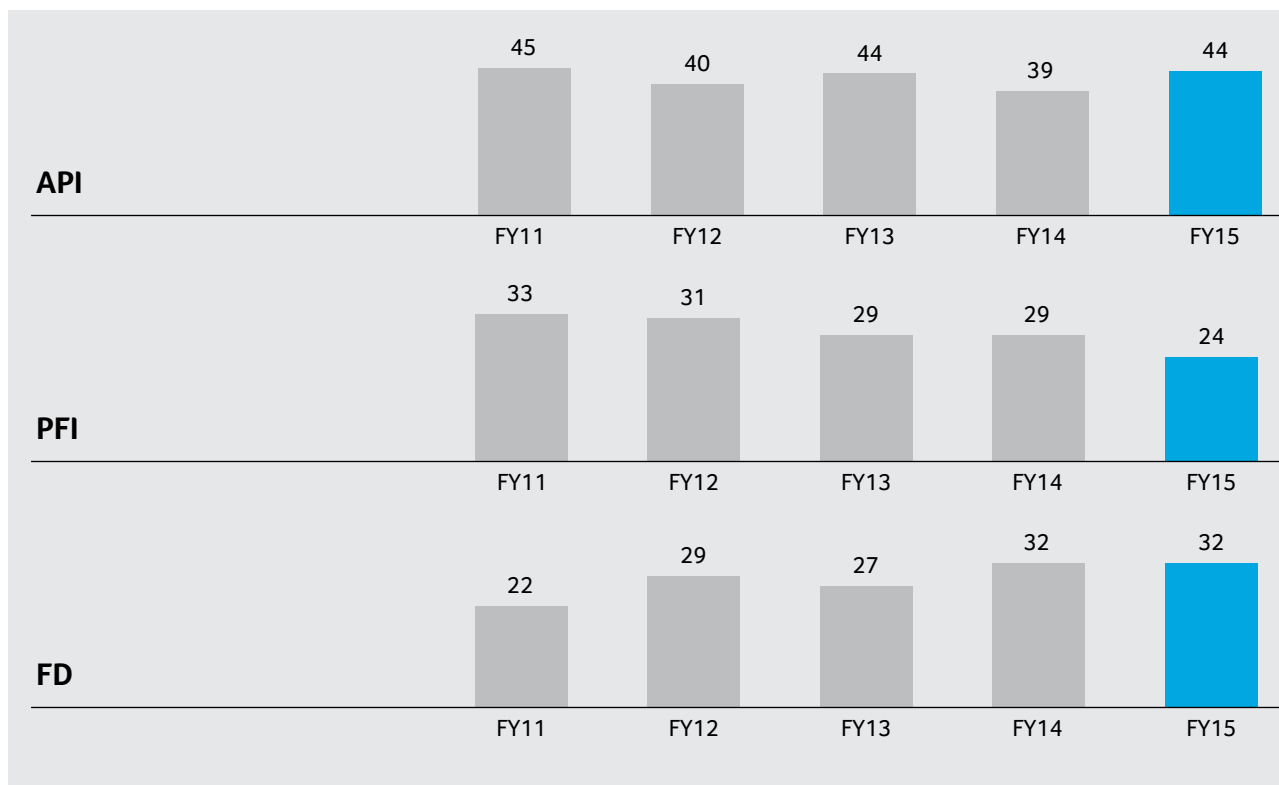




## KEY NUMBERS AT A GLANCE

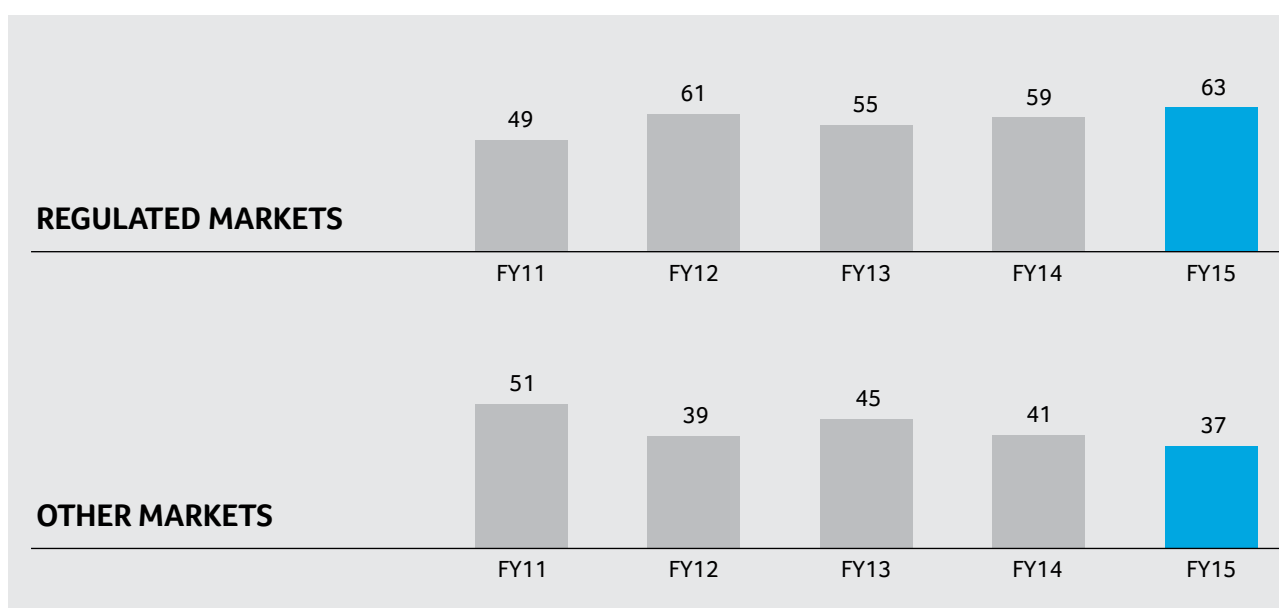
### BREAK-UP OF CONSOLIDATED REVENUE AS PER BUSINESS SEGMENT

% of sales



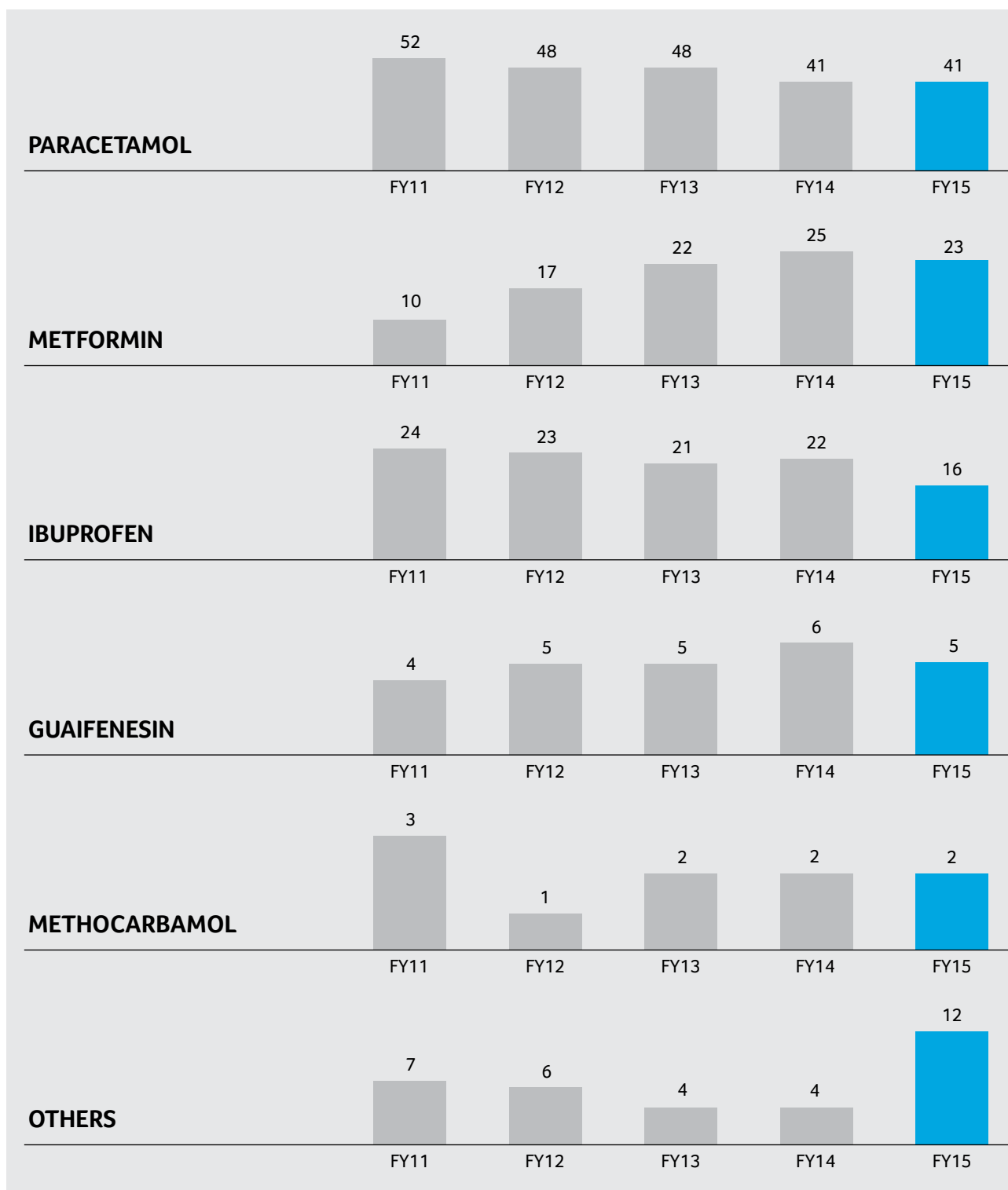
### BREAK-UP OF CONSOLIDATED REVENUE AS PER GEOGRAPHY

% of sales



## BREAK-UP OF CONSOLIDATED REVENUE AS PER MOLECULE

% of sales



Corporate Section

Strategic Section

Statutory Reports

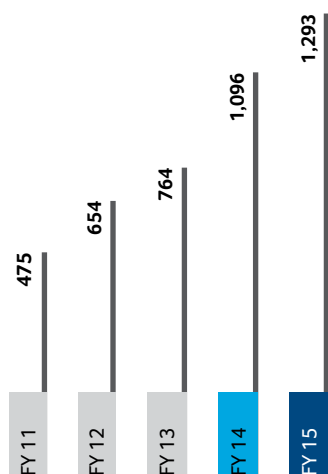
Financial Statements

# FINANCIAL HIGHLIGHTS

Our strategic priorities are driven by our goal to deliver shareholder value. Growing the business and driving on-going efficiencies are integral to our strategy. Our revenue performance represents our success in growing and retaining our customer base as well as our ability to drive volumes in our existing business.

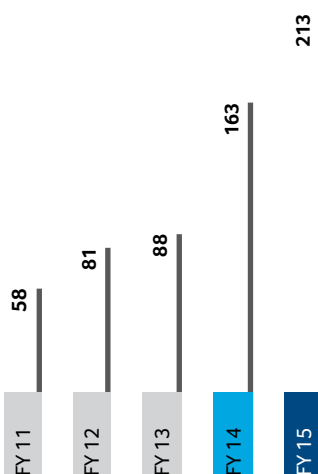
## REVENUE ₹ in Cr.

5 YEAR CAGR **23%**



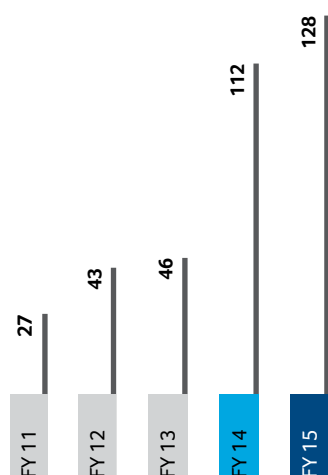
## EBITDA ₹ in Cr.

5 YEAR CAGR **28%**



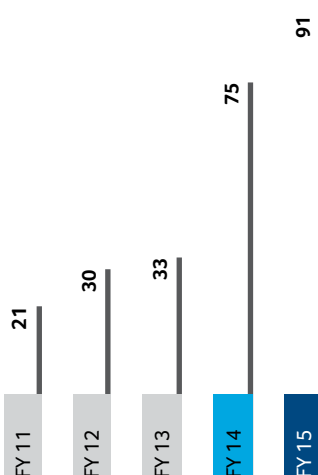
## PROFIT BEFORE TAX ₹ in Cr.

5 YEAR CAGR **28%**



## PROFIT AFTER TAX ₹ in Cr.

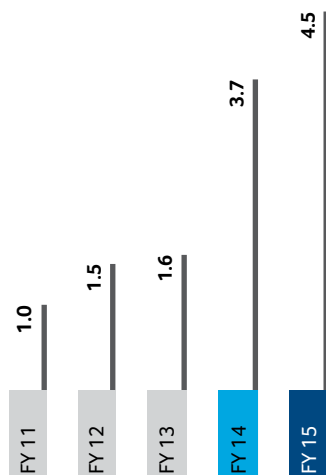
5 YEAR CAGR **25%**



- The company's revenue have grown at a CAGR of 23% between FY11-15 backed by higher contribution from formulations. Fuelled by capacity expansion the growth momentum will continue in the coming years.
- Following the transition into higher margin formulations and PFI the profitability grew at a CAGR of 25% during FY11-15.

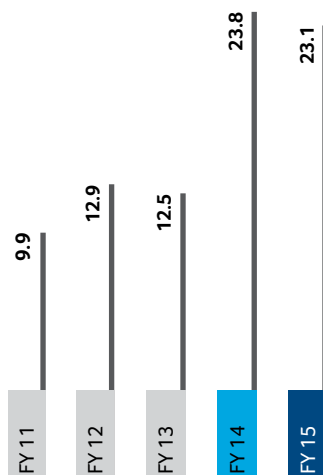
## EARNINGS PER SHARE\*

₹

5 YEAR CAGR **24%**

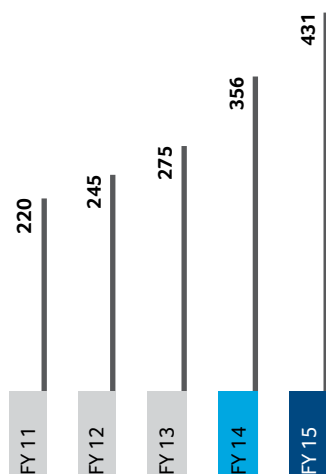
## ROE

%



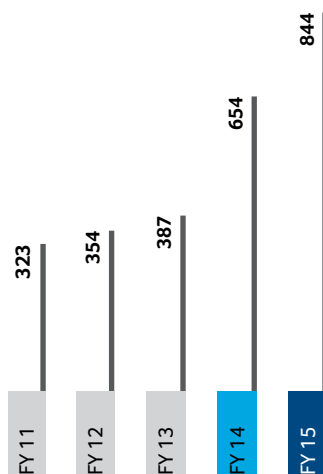
## NET WORTH

₹ in Cr.

5 YEAR CAGR **16%**

## GROSS BLOCK

₹ in Cr.

5 YEAR CAGR **23%**

\* EPS is calculated considering face value per share of ₹ 1

## LETTER FROM THE CHAIRMAN & MANAGING DIRECTOR



In FY15, we reported consolidated revenue of ₹1,293 Cr., 18% growth over the prior year. More importantly, our profitability margins expanded which resulted in EBITDA increasing 31% to ₹213 Cr. while PAT grew 21% to ₹91 Cr.

### Dear Shareholders,

We had an exciting year in which we reinforced our fundamentals to ensure our base business will continue to grow while also bolstering our capabilities so the Company can diversify into exciting new areas. We have broadened and integrated our business portfolio to progressively deliver value and draw synergy to solidify our core strengths so we can continue to grow.

In FY15, we reported consolidated revenue of ₹1,293 Cr., 18% growth over the prior year. More importantly, our profitability margins expanded which resulted in EBITDA increasing 31% to ₹213 Cr. while PAT grew 21% to ₹91 Cr. APIs represented 44% of consolidated sales due to the acquisition of Auctus Pharma which primarily focuses on supplying APIs. Momentum in FD continued and revenue grew 17%. PFI production continued to grow and an increasing amount of capacity was used for captive consumption. We completed a 4,000 TPA expansion at our Gagillapur PFI facility and as commercialization of this new capacity scales up in FY16, we expect PFI and FD revenue to increase which is in-line with our long-term goal of predominately supplying formulations to the regulated markets. We maintained our standard of being U.S. FDA compliant with the successful completion of U.S. FDA inspections at our Bonthapally and Gagillapur facilities without any 483s. Our ability to consistently complete relevant regulatory audits is validating because our commitment to quality has been the foundation of our success. Our team realizes that quality is a moving measure and we strive to bolster our parameters so we can continue to have exemplary quality systems.

**Our ability to consistently complete relevant regulatory audits is validating because our commitment to quality has been the foundation of our success.**

During FY15, our CRAMs JV with Ajinomoto OmniChem took a big step with the inauguration of a world-class facility in Vizag. Our partnership has a distinct advantage since it combines two companies that are known for high quality products, extensive technological expertise and operational efficiencies. In the short-term, the JV will produce intermediates for OmniChem and once it receives regulatory approvals, the JV will produce APIs for brand leaders and innovator companies.

## LOOKING FORWARD

While we are excited with the progress we have made with our base business and the opportunities that lay ahead with our CRAMs partner, our team continues to innovate in terms of operational efficiency, marketing and process development.

Our team has made tremendous progress in transforming Auctus and we are excited about its potential. When we acquired Auctus, it was losing money, sales were split between APIs and intermediates and finally, it was primarily focused on domestic sales. However, we felt Auctus offered tremendous potential due to its compelling product portfolio, U.S. FDA approved API facility and backward integration. During FY15, our team has shifted most of Auctus' sales into API and started to improve export sales. In addition, during Q4, Auctus reported a profit. We will leverage our strengths and file several ANDAs based on Auctus APIs over the next few years which will strengthen our FD portfolio.

In FY15, we decided to shift our FD strategy in the U.S. by directly offering our products to end customers including retail chains instead of selling to distributors and repackers. We believe by working closely with end customers, we can develop more meaningful relationships which will open up opportunities in the future. We have had initial success with our strategy and expect business to ramp up as we continue to enhance our product basket.

Finally, the year was important for us because our in-house R&D team launched and commercialized Abacavir, an anti-retroviral drug. This is an important step for us because it validates our strategy to build process development capabilities. While the Auctus product portfolio is a logical progression of our business model, our process development R&D team is working on products that have the potential to transform our Company. Our team is working on several products and we will continue to launch more high-value, low-volume products in the future.

## FUTURE OUTLOOK

Our Company is in the midst of an evolution. We have built a strong base business that will continue to grow as it gains defensible market share while expanding profit margins as more of the business comes from formulations and quality conscious customers.

While we are currently synonymous with large-volume products, we have taken several steps to move into more complex offerings. We have leveraged our existing capabilities to turnaround Auctus' API operations which will be vital as we file ANDAs to expand our FD portfolio. Our CRAMs JV will help us develop meaningful relationships with brand leader and innovator

companies. This will be critical as our R&D team continues to build its process development capabilities which will take us to the next level.

In order to take our Company to the upper echelon of the industry, we have focused on building our human capital so we can execute our strategy. We have strengthened our management team with executives who have an established track record within the industry. In addition, we are developing our broader team by ensuring their career aspirations are in-line with their roles. We are also working to instil a corporate culture that enables employees to take initiative and explore new opportunities. By leveraging our senior executives' expertise and rewarding employees for innovative solutions, we believe our Company will be able to seize lucrative opportunities.

We are excited for the future because we have strengthened our fundamentals and have taken several new exciting steps which will change our Company's growth trajectory. Our progress in FY15 will solidify our base while helping us deliver enhanced value to our stakeholders.

Sincerely

Sd/-

**C. Krishna Prasad**

Chairman & Managing Director





## RESEARCH & DEVELOPMENT

We are driven by the core belief of providing end-to-end solutions. It is deeply embedded in our culture.



## QUALITY & COMPLIANCE

We strive to continuously develop our operational efficiencies, deriving utmost value from our resources.



### **CUSTOMER RELATIONSHIPS**

We are committed to positively impact our client's business outcomes by focusing on better customer experience across all touch points and channels.



### **MANAGEMENT BANDWIDTH**

We believe in creating a significant management bandwidth to address newer client and geographic opportunities that truly reflect our customer value proposition and promise.

**STRENGTHENING FUNDAMENTALS.**  
**BUILDING VALUE.**



STRENGTHENING OUR  
**R&D CORE**

**DELIVERING DIFFERENTIATION TO GLOBAL CUSTOMERS**

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We have created an exclusive world-class research program, intended to ensure a sustainable pipeline of high-value opportunities to maximise growth. Our Research & Development program has been the key to our continuous growth. It has made us one of the most exciting research-driven pharmaceutical companies globally.

We are reinforcing our R&D backbone through prudent investments that place us at the cutting-edge of technology and help us deliver complex products with speed. Our research and development initiatives are strongly determined by market demand and driven by technological progress.

### R&D FOCUS

- ➔ Support growth strategy by developing new products and processes, which enhance our range;
- ➔ Strive for constant process improvement and attain manufacturing cost competence for existing as well as new APIs;

- ➔ Sharpen insight into complex chemistry to develop products with high entry barriers.

Our R&D team has the capabilities to sharpen our competitive advantage by working on technologies essential to develop new products and processes. Our dedicated researchers are focused on improving patient health through the use of the most advanced research technology and practices. We are well on course to becoming one of the accepted regulatory compliant pharmaceutical companies globally.

### CREATING LONG-TERM VALUE THROUGH ACQUISITION

#### Adding new APIs to the basket

We have entered into the realm of high-margin products through the acquisition of Auctus Pharma Ltd. (APL) and started the development of new APIs through in-house R&D. We recently developed and launched a product called Abacavir – antiretroviral product. We are also expecting to commercialize an additional three to four APIs in the next year.

### TURNAROUND STRATEGY

- ➔ Concentrated approach on selling more APIs than intermediates
- ➔ Focused on improving the product mix with emphasis on regulated markets and planned to convert it to finished dosage
- ➔ Implemented best practices to increase operational efficiency
- ➔ Improved APL's process efficiency in line with Granules' standards of operational excellence
- ➔ Augmented capacity through clean room expansion
- ➔ Minimised dependence on traders by leveraging its direct access to customers in quality-conscious markets

### BENEFITS

- ➔ Supply of APL products to Granules' existing customers
- ➔ Increase in supply to regulated markets
- ➔ New customer additions for APL products
- ➔ Converting existing customers of APIs of APL to PFIs and finished formulations
- ➔ Improvement in the margin profile



**Auctus acquisition brings 12 potential molecules in several therapeutic areas with key intermediates.**

**Granules' sustainable growth is the result of our commitment to Research & Development and the value that our investment delivers.**



ACHIEVING HIGH

# QUALITY BENCHMARKS

SUSTAINING MARKET LEADERSHIP IN KEY FOCUS AREAS

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Quality compliance strengthens every aspect of our business. Our consistent focus on quality is demonstrated at every stage of our product development, manufacture and distribution. In addition, we also ensure that quality standards are met in the processes, procedures and products of our partnership networks. The manufacturing facilities adhere to rigorous quality framework and assurance procedures. Quality is a key driver in our manufacturing process. The team devotes considerable interest to cost reduction by changing directions and reagents after obtaining regulatory conformity.

We endeavour to ensure that quality is in line with cGMP norms and improve the benchmark standards. We have invested heavily in compliance processes with inputs in creating responsiveness, hiring more personnel, upgrading our equipment and facilities.

We have integrated risk-based quality management system in all our product life cycles. We also ensure safe working conditions at all facilities through rigorous implementation of our EHS processes.

Our internal policies and procedures are customised towards planning, design and construction of facilities and validation of processes, products, test methods and systems. We embarked on an Operational Excellence (OE) programme to emerge as a preferred choice for customers through quality, service and cost. We integrate and implement methodologies like lean six sigma and lean manufacturing in our operations. These are efficient, data-driven approaches and techniques for eliminating defects and maximising efficiencies.

The key area of focus in Quality Assurance has been to deliver products that benchmark against industry-best practices and reflect a high level of innovation. To make this possible, we have standardised specifications, evaluated gaps in capacity at factories, and performed a Quality Control & Process Audit of our own manufacturing facilities.

- ➔ Standard operating procedures ensure manufacturing processes and equipment are tested and authorised
- ➔ Established analytical and test methods ensure that each product is of reproducible quality, with competent persons accountable for release of products

- ➔ Processes are improved and procedures are updated regularly
- ➔ Encouraging engagement with stakeholders help us drive performance to attain EHS goals

We have earned our reputation as a global pharmaceutical company on the back of constant and reliable commitment of high quality products. We consistently emphasize on ensuring quality and regulatory compliance. It has become a key differentiator to make Granules a market leader in our focus markets.



**As a forward thinking, developing organisation, our business strategy rests on our robust process structure.**



FOSTERING

# STRONG PARTNERSHIPS

**BOLSTERING VALUE PROPOSITIONS**

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Service excellence and quality compliance are prerequisites to enhance customer satisfaction. We collaborate with our strategic partners who have always valued our broad internal product development capability, reliability and customer service. We respond to customer requirements with speed and drive execution with a high level of ownership.

Our current facilities are among the leading in the industry, including the largest PFI facility in the world. Our large capacities and batch sizes provide us economies of scale and are able to reduce costs for customers. Besides, our capacities enable us to increase wallet share with leading brands since they can allocate large portions of their requirements with us. We have a team of product specialists, application

technologists, research scientists and regulatory advisors who help customers with all their needs from finding the correct API grade to finalising tablet packing material. We have our own ANDAs and dossiers, which makes it possible for customers to enter markets with high-quality and cost-effective products.

At Granules, we believe in the power of collaborations. The distinctive competence of our partners complements and supplements our own capabilities. Through these collaborations we are able to build synergies among our existing offerings and also expand into new product mix. We have bolstered our value proposition through alliances with specialised organisations and institutions.

The trust and confidence of existing customers has always converted into new orders as they continue to assign Granules with new businesses. Simultaneously, we also focus on achieving the confidence of new customers and get new orders. We put a lot of emphasis on building long-term relationships with customers at a global level. Today, we cater to over 300 customers worldwide, a strong testimony to our growing customer relationships.

#### VALUE PROPOSITION

- ❏ Putting customers at ease by filing our own ANDA / dossiers for finished dosages, which enable them to enter the market quickly
- ❏ Achieving significant savings for customers in multiple domains (sampling, analytical, regulatory, R&D and manufacturing)

**Our consistent track record is a result of strong customer relationships and superior execution.**





SHARPENING

# THE PEOPLE EDGE

BUILDING A HIGH-PERFORMANCE CULTURE

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Our people are our partners in progress. Employee empowerment has been a crucial facilitator in driving our organisation's growth to the next level. Our leadership team has been an important catalyst in this journey. They help align the objectives of our employees with those of the organisation, encouraging them towards a single direction.

Our unwavering focus on knowledge up-gradation helps people from diverse backgrounds to deepen domain proficiency swiftly. It enables them to bring well-informed, valuable and innovative perspectives to the R&D space. Our efforts are aimed to promote the level of motivation, commitment, open communication and effectiveness among our employees. This enables each and every employee to contribute to our organisation's success.

## EXPANDING MANAGEMENT BANDWIDTH

The formation of our strategic business units has allowed us to assign a number of operational responsibilities to the relevant units, leaving the senior management to focus on strategic matters. We introduced veteran senior executives to build an efficient management team, in all departments, from sales and distribution to marketing and research and development. They have the expertise and commitment to accelerate product development, ensure improved delivery and support growth strategy.

This team also helps the grooming of our existing members across the organisation. Our organisation combines the zeal and commitment of a family-run entity and the skill sets of professionals.

## BUILDING LEADERSHIP CAPABILITIES AND ACUMEN

We believe that our integrated, yet decentralised way of working provides our employees with the opportunity to develop leadership capabilities and business acumen. Entrepreneurship is deeply embedded in our DNA. We encourage all members of our teams to think innovatively and embrace challenges. We deliver superior results without compromising on honesty, integrity, transparency and sincerity.

## ENGAGING EMPLOYEES

The organisation encourages employee engagement and feedback. Our constant focus is not just to build a huge talent pool and leadership pipeline to meet the growing needs of the

company, we also work hard to provide a platform for people to learn, grow, enjoy and live their dreams. We believe in providing both vertical and lateral growth through training programmes, on-the-job opportunities and rewards and recognition to encourage superior performance and a competitive mindset.



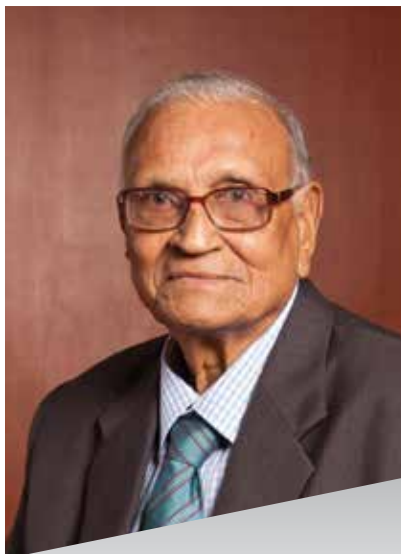
**The knowledge and skills of our people help us deliver on our commitments.**

## BOARD OF DIRECTORS



**MR. C. KRISHNA PRASAD**  
*Chairman and Managing Director*

Mr. C. Krishna Prasad is the Founder 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.



**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 co-authored a publication of ITC on Export Credit in developing countries. He was an adviser to the Development Bank of Mauritius for over five years and also represented that Country as well as Botswana for industrial promotion from India.



**MR. A. P. KURIAN**  
*Independent Director*

Mr. A. P. Kurian served as the Chairman of the Association of Mutual Funds in India. Mr. Kurian has a rich career in the financial services area spread over four 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.

**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.

**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.

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) Chairperson of the Board of Governors of the National Institute of Technology, Warangal (NIT W); (4) Co-Chairman of Indo-USA High Technology Cooperation Group (HTCG) for 5 years on behalf of Government of India and facilitated knowledge initiative bill signed by USA. Recently ROTAVAC®, the first novel vaccine which is completely developed in India was launched by Hon'ble Prime Minister.

**MR. ARUN RAO AKINEPALLY***Independent Director*

Mr. Akinpally Arun Rao did his B.Tech in Chemical Engineering from the University of Madras and an 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 a council member of the Indian Pharmaceutical Council Association. He was an office bearer and held various positions in the Indian Pharmaceutical Association both at the State and National level. He is also a member of Executive Committee of the Organization of Pharmaceutical Manufacturers, Hyderabad.

## BOARD OF DIRECTORS (CONTD.)



**MR. HARSHA CHIGURUPATI**

*Executive Director*

Mr. Harsha Chigurupati has been with Granules since 2005 and served as CMO from 2006-2010. As CMO, Mr. Chigurupati was instrumental in commercializing the Company's Finished Dosage Division and also changed the Company's focus to marquee customers in the regulated markets. As an Executive Director, Mr. Chigurupati is responsible for the standalone operations of Granules India including the P&L. Mr. Chigurupati has a Bachelor of Science in Business Management from Boston University.



**MRS. UMA DEVI CHIGURUPATI**

*Executive Director*

Mrs. Uma Chigurupati has rich experience of 29 years in various fields. Mrs. Uma with Mr. C. Krishna Prasad 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 soil microbiology from Nagarjuna University.



**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 33 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.



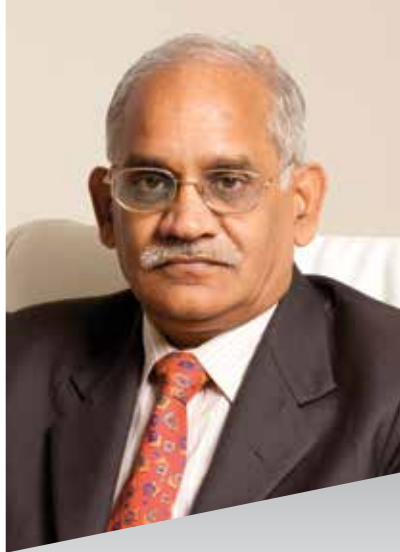
# MANAGEMENT TEAM



**MR. B. MADHUSUDAN RAO**

*Chief Operating Officer*

Mr. B. Madhusudan Rao has over two decades of experience with global pharmaceutical companies. He is with Granules India for the last three years and was part of various initiatives. He previously served as COO of Global Generics at Orchid Pharmaceuticals where he was responsible for entire operations of Global Generics and CRAMS businesses as well as the P&L segment. Prior to that, Mr. Rao worked at Dr. Reddy's where he held various positions in Global Generics Portfolio Management; Global Regulatory Affairs and Compliance; API - New Product Development and Corporate Quality Assurance and has led various initiatives including Project Management.



**MR. V.V.S. MURTHY**

*Chief Financial Officer*

Mr. V.V.S. Murthy has three decades of finance experience across various industries including nearly two decades in pharmaceuticals. Mr. Murthy previously was Group Chief Financial Officer at Dishman Pharmaceuticals, which encompassed domestic as well as nine international operations. Prior to that, Mr. Murthy was VP – Finance at Dr. Reddy's where he had extensive roles including several international M&A transactions.



**MR. STEFAN LOHLE**

*Chief Marketing Officer*

Mr. Stefan Lohle has over two decades of experience in the Pharmaceutical industry. Mr. Lohle has been associated with Granules since 2001 and previously was Head of Latin American Operations, where he primarily focused on the PFI business. Mr. Lohle previously served at Kimberly Clark Corporation for New Project Development.



## MANAGEMENT TEAM (CONTD.)



**DR. V.V.N.K.V. PRASADA RAJU**

*Head - Corporate Strategy*

Dr. 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.



**MR. P.S.N. MURTHY**

*Head - Human Resources*

Mr. P.S.N. Murthy is working with Granules India Ltd for the past one and a half years. Mr. Murthy has over two decades of experience panning various functions in Quality, Training and HR in electronic component, auto component and pharmaceutical manufacturing sectors. Before joining Granules he worked with Tata AutoComp Systems Ltd where he has 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 and was involved in Global HR operations and international M&A transactions. Mr. Murthy also worked with Samtel Color Ltd.

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# MANAGEMENT DISCUSSION AND ANALYSIS

## PHARMACEUTICAL INDUSTRY OVERVIEW

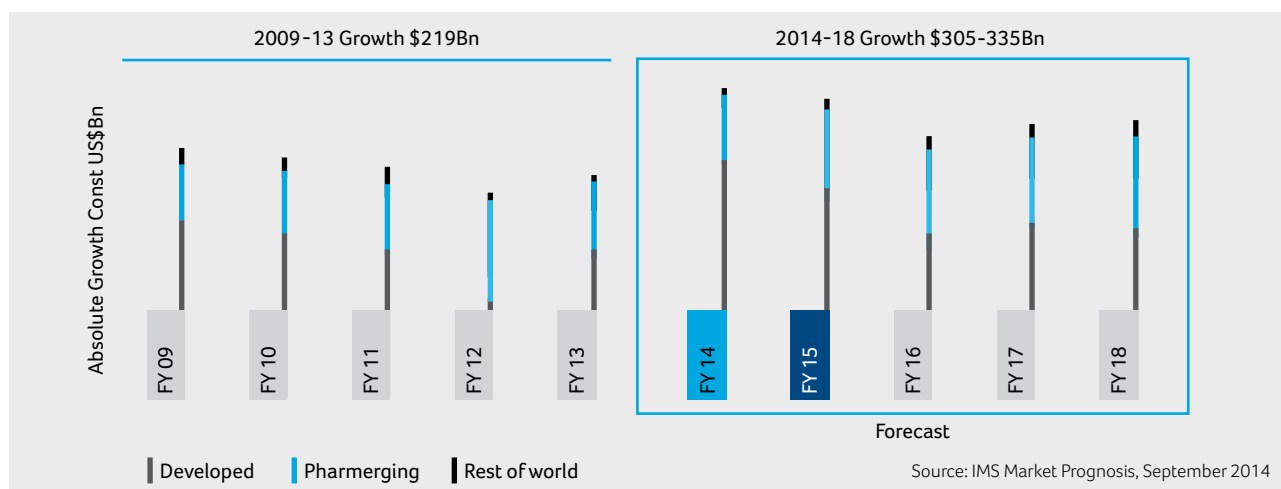
### Global

As the global attention turns into post 2015 development agenda, the role of medicines in supporting the development of healthy society grows more important. According to the IMS Institute for Healthcare, the expansion in annual spending impaled in 2014 with an absolute growth of \$70 billion, up from \$44 billion in 2013 and \$26 billion in 2012. The total global spends for pharmaceuticals may increase by \$305-335 billion on a constant dollar basis, compared to \$219 billion during the past five years to reach nearly \$1.3 trillion by 2018.

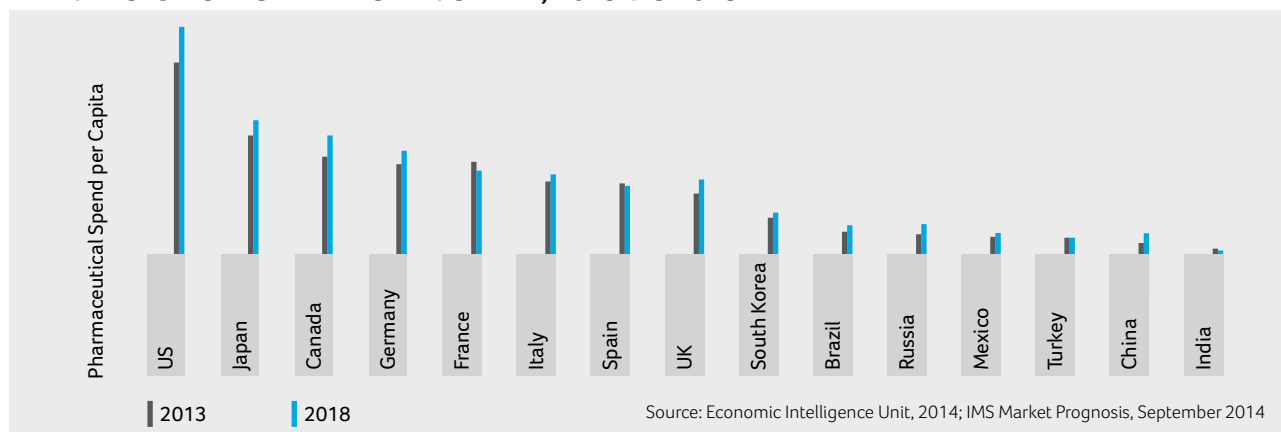
Global spending is predicted to increase by 4-7% CAGR over the period of next five years, with a majority of countries undergoing an increase in drug expenditure per capita. The developed markets—led by the United States, the five major European

markets (Germany, Italy, Spain, UK, France) and Japan—are the primary drivers of this increased growth. However, the 21 pharmerging countries will increase their contribution to growth over the next five years and account for nearly 50% of absolute growth in 2018. The growth in pharmerging countries will be unprecedented mainly due to population growth and government initiatives, improved access to medicines, better supporting infrastructure and healthcare systems. There has also been an increased demand for healthcare and wellness services due to the spread of chronic conditions and lifestyle-related diseases such as stroke, cancer, respiratory diseases, diabetes, mental illnesses, and ailments related to the heart, among others. The prevalence of this has been due to an aging populace, desk-bound lifestyles, faulty diets, and growing obesity levels, as well as enhanced diagnostics that bring to fore the widespread occurrence of such conditions.

### GROWTH IN THE GLOBAL PHARMA INDUSTRY: 2009-2018



### PHARMACEUTICAL SPENDING PER CAPITA, 2013 V/S 2018





**Generics** - Generic drugs are globally, the largest drivers of growth in the pharmaceutical market. Although it's predicted that the spending on branded medicines will account for more than 2/3rd of spending in the developed markets, the total global spending on generics will increase from 27% to 36% by 2017. Global generic spending is expected to increase from \$260 billion in 2012, to \$420 billion by 2017. Generic pharmaceuticals have saved the US healthcare system \$1.5 trillion over the past 10 years. Increased generic spending in developed markets in the next five years will be driven by patent expiries, with further increases due to the expanding generic use of molecules without patents. Generic consumption will be the highest in pharmerging markets. Patients in pharmerging markets will benefit from increased access and affordable generics for primary treatment and care.

**OTC** - Over-the-counter (OTC) pharmaceuticals are medicines that are available to patients and consumers without prescriptions. The world OTC pharmaceutical market is expected to reach \$106 billion in 2017 with

revenues, showing strong growth driven by demographic and economic trends, switching of medicines from prescription to OTC sales, and changes in cultural attitudes to self-medication and regulatory processes in national markets. The FDA's Non-prescription Drug Safe Use Regulatory Expansion (NSURE) initiative has encouraged increased switching of prescription drugs to OTC variants. The US is currently the leading market of the world in the OTC segment. However, emerging economies such as BRIC nations are predicted to become significant markets in the future. Store-brand OTC products will also continue to gain share in an increasingly competitive environment.

#### India

The Indian pharmaceutical market, which stood at \$12.6 billion in 2009, is estimated to grow to \$55 billion by 2020; with potential to reach \$70 billion in an aggressive growth scenario. The sector is primarily driven by exports, predominantly to the US. The Indian manufacturers' market share in the US' generics market will continue to grow backed by the largest number of USFDA approved facilities outside the US. The

**\$106 billion**  
World OTC pharmaceutical  
market in 2017

**\$55 billion**  
Indian Pharmaceutical  
market in 2020

Patient Protection and Affordable Care Act (commonly called Obamacare) implemented in January 2014, aims to reduce cost of healthcare delivery in the US and boost the usage of generics. The implementation of the Act is likely to markedly benefit the Indian pharmaceutical sector, as India is the largest supplier of generic drug to the US.

Approvals from the World Health Organisation and European regulators are also strong, providing added visibility for exports. India's growth in the field is not only indicative of its acknowledged forte in pharmaceutical generics but is also an indication of a blooming healthcare sector and improving wellness standards in the country. According to India Ratings & Research, the country's pharma exports are expected to grow at 10-12% and reach ₹ 1,10,000 crore by 2015-16 from ₹ 91,000 crore last year.

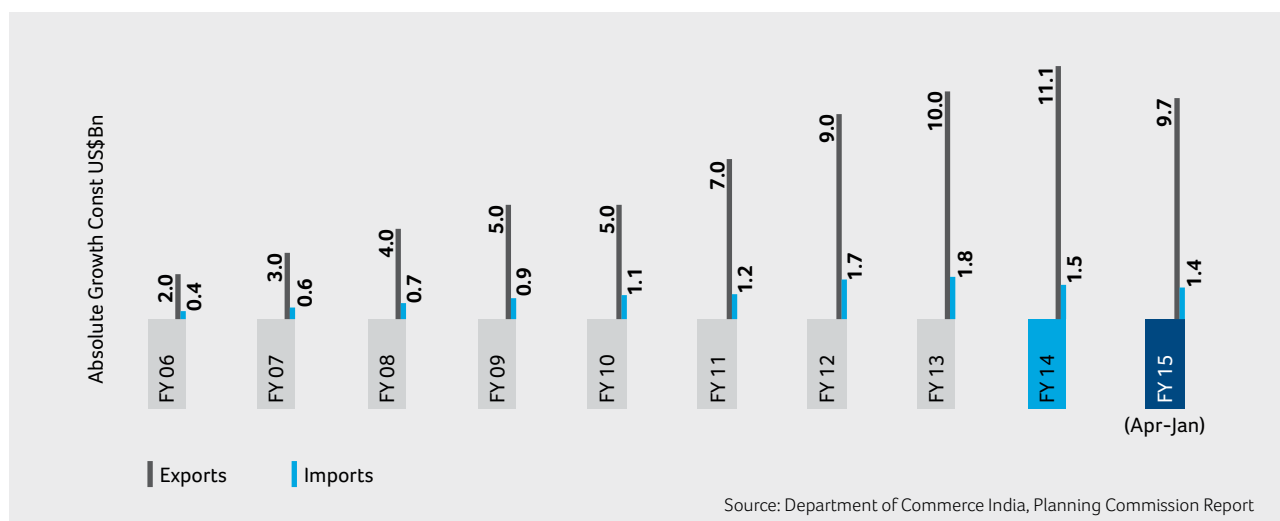
The Indian pharmaceuticals market is observing changing trends such as large acquisitions by multinational and Indian

companies, growing investment by domestic and international players and deeper access into rural and tier II markets. These trends pooled with increased purchasing power and access to good quality medical care will continue to boost the domestic pharmaceutical industry to newer milestones. However, to be a true performer on the world stage, the sector needs to constantly invest in the development of global R&D capabilities, achievements of operational excellence in drug manufacturing, constant focus in quality and compliance, and outsourcing research services and manufacturing products with the Contract Research and Manufacturing Services (CRAMS) segment.

India is emerging as the manufacturing hub of the global pharmaceutical industry driven by a large workforce, enhanced skills sets and higher education levels. Strong international partnerships are slated to support India's endeavours to deliver more value-added products to the global market, resulting in increased expectations from it.

## TRADE DATA OF INDIAN PHARMA SECTOR

\$ billion



### Major Growth Drivers

- ➔ Higher income levels resulting in higher expenditure on healthcare
- ➔ Increasing occurrence of lifestyle related diseases
- ➔ Improved infrastructure and delivery systems
- ➔ Greater penetration of health insurance
- ➔ Number of drugs going off-patent in the developed countries offers a big opportunity for the Indian companies to capture the market
- ➔ Increase in technical capabilities of the manufacturing plants which are a revelation of Indian companies to develop quality products

### India Advantage

- ➔ **Cost Efficiency** – Indian companies have become a global outsourcing hub for pharmaceutical products because of cost effective facilities that are also FDA compliant.
- ➔ **Competent Workforce** – India has a pool of personnel with high managerial and technical competence. The skilled workforce is well versed with the English language.
- ➔ **Diversified Portfolio** – India accounts for over 60,000 generic brands across 60 therapeutic categories and manufactures more than 500 different APIs.
- ➔ **Economic Drivers** – The industry is expected to grow driven by a rising middle-class population, enhancements in medical infrastructure and establishment of intellectual property rights.

- **Policy Support** – Many initiatives have been taken by the government to provide impetus to the sector. The Indian government has unveiled 'Pharma Vision 2020', aspiring for India to become a global leader in producing end-to-end drugs.

## OUTLOOK

The future of the Pharmaceutical industry is predicted to be a positive one. Increased investment from multinational companies will lead to new product introductions and will contribute to market expansion. It is poised for exciting times ahead as newer opportunities are being presented in the market and the pace of innovation in business models have been excellent.

Global spending on drugs will cross more than \$1.2 trillion by 2017 due to a rising growth rate. Innovative products are expected to be launched which will bring in significant new treatment alternatives for patients. Rising incomes, combined with continuous pattern of low costs for medicines, will drive a major increase in affordability of basic medicines. The augmentation of pharmaceutical outsourcing and investments by multinational companies, associated with the country's growing economy, steadfast health insurance segment and better healthcare facilities, is expected to drive the market's growth.

## COMPANY OVERVIEW

Granules India Limited is a fast-growing vertically integrated Indian pharmaceutical company based in Hyderabad. We manufacture Finished Dosages (FDs), Pharmaceutical Formulation Intermediates (PFIs) and Active Pharmaceutical Ingredients (APIs) which are distributed to over 300 quality conscious customers in regulated and semi-regulated markets. We offer all three components of the pharmaceutical value chain which gives customers flexibility and choice. Our global presence extends to over 60 countries through offices in India, U.S., U.K., China and Colombia. Dedicated to excellence in manufacturing, quality and customer service, we possess the largest PFI facility in the world with an industry-leading batch size of six tons and one of the largest single-site FD facilities in the world. We have our own ANDAs and dossiers which enable customers to quickly enter a market instead of filing their own applications. Endowed with the surfeit of latest technologies, and an innovative and dedicated team, our manufacturing segment aspires to aim at new milestones for the organisation. Our focus on operational excellence and process innovation enables us to be an efficient manufacturer of high-volume pharmaceutical products.

Our vertically integrated business model has created a leadership position for the company in the sales of several off-patent drugs. We have a strong presence in 'first-line-of-defense' products such as Paracetamol, Ibuprofen and Metformin. We export nearly 80% of our turnover, with the United States and Europe being our major markets. Our key customers include some of the largest global branded companies as well as large branded generics players.

To lay the foundation for future growth beyond our existing products, we acquired Auctus Pharma in February 2014. Auctus' product portfolio includes 12 APIs as well as key intermediates in therapeutic categories such as anti-histaminic, anti-hypertensive, anti-thrombotic and anti-convulsants among others. The FY 2014-15 is the first full year of operation under the Granules management. During the year, we continued to produce APIs and focused our energy to make it value accretive by improvising operational efficiencies, processes and changing the customer mix. We have started concentrated efforts to forward integrate select APIs to finished dosages, which will maximize returns for Granules.

While Granules has a strong core competency in high-volume manufacturing, we feel it is important to diversify our revenue base. We ventured into the CRAMS business by creating Granules-OmniChem, an equal joint venture with Ajinomoto OmniChem - our partner, with nearly 40 years of experience in CRAMS. Ajinomoto OmniChem works with reputed pharmaceutical companies and makes patent-protected products for regulated markets. Going forward, as these products go off-patent, customers are able to retain market share by shifting to a cost-effective environment and leveraging Granules' expertise in efficient manufacturing. The joint-venture will create opportunities for us to penetrate into more complex formulations and boost our technological know-how.

We have seven manufacturing facilities; six plants are located in India while the seventh plant is in China. Our API facilities are located at Bonthapally, Jeedimetla and Vizag. The Bonthapally unit manufactures Paracetamol API, also commonly known as Acetaminophen. The Jeedimetla unit manufactures Metformin, Guaifenesin, and Methocarbamol APIs. The Jeedimetla plant also has a PFI manufacturing facility. Through acquisition of Auctus Pharmaceuticals, we have taken over a multi-product API manufacturing facility at Vizag and an intermediary

Granules' product focus, vertically integrated business model has created a leadership position in several off-patent drugs.



manufacturing facility at Bonthapally. The Gagillapur unit manufactures PFIs and Finished Dosages. Through our JV, Granules Biocause, we have an Ibuprofen API manufacturing facility in Jingmen, China. Granules Omnicem, our CRAMS JV, has a facility located at Vizag which was inaugurated in February 2015.

Product	Location of the plant
API	Bonthapally
	Jeedimetla
	Vizag
	Jingmen – China (Granules Biocause - JV)
API Intermediaries	Bonthapally
PFI	Jeedimetla
	Gagillapur
FD	Gagillapur
CRAMS	Vizag (Granules Omnicem - JV)

In addition to acquiring Auctus, we also opened a 10,000 sq. feet R&D facility in Hyderabad. The new R&D site will focus on full-scale generic API development and will also supplement the Company's existing R&D facility in Pune which currently focuses on sustainable technological developments. This facility has added Abacavir - an anti-retroviral drug in the Granules product basket and intends to add more in the future. The Pune R&D facility works on process improvement to enhance manufacturing efficiency and improve yields.

#### Highlights of FY 2014-15:

- ➔ Successful in turning around Auctus during the fourth quarter of the current fiscal



- ➔ Completion of construction of 4,000 TPA PFI capacity at Gagillapur plant
- ➔ Inauguration of manufacturing facility at Vizag for high-value APIs and intermediates
- ➔ High Court at Hyderabad sanctioned the Scheme of Amalgamation of Auctus Pharma Limited with Granules India
- ➔ Successful completion of US FDA inspection at Bonthapally and Gagillapur facilities
- ➔ ISO 14001 and OHSAS 18001 certification for facilities at Jeedimetla and Gagillapur
- ➔ Successful completion of the Social Accountability Audit for Gagillapur plant
- ➔ Started the commercial sale of Abacavir, an antiretroviral drug, developed by our in-house R&D
- ➔ Incorporation of the Granules Pharma Inc., a 100% subsidiary in the US to focus on formulation and R&D of value added product forms
- ➔ Ventured into direct supply of store brand OTC products to US retail chains
- ➔ Green initiatives through investments in the Zero Liquid Discharge Facility at Bonthapally and the Effluent Treatment Plan at Gagillapur
- ➔ Enhanced production capacities at the Vizag plant through the creation of clean rooms

#### Competitive Advantage

**Business model:** A strong presence across the entire value chain has transformed the Company from being an API manufacturer to a global pharmaceutical player.

**Customer centricity:** Strong business associations with global pharmaceutical majors, resulting in long-term revenue visibility.

**Economies of Scale:** The Company's facilities can accommodate large-scale customers with its industry-leading batch size in PFIs.

**Flexibility:** Being spread across the pharmaceutical manufacturing value chain enables the Company to offer customer flexibility.

**Approved facilities:** Manufacturing facilities aligned with rigorous global operating benchmarks and approved by global regulatory authorities provide a wide footprint in regulated and semi-regulated markets.



### Business Segments Overview

Granules' vertically integrated business model has created a leadership position in pharmaceutical products with high API and/or finished dosage volume requirements. By providing high quality materials to our quality conscious customers, we have created a niche for ourselves. Customers in regulated markets prefer high quality products with supply security over pricing and we place ourselves suitably to cater to this demand with our high quality products and dedicated approach. Regulated markets have contributed 63% of our revenue in the FY 2014-15 compared to 59% a year ago and we are committed to delve deeper into these geographies and markets. We are also focusing our energy to transform our portfolio from low-margin APIs to medium-margin PFIs as well as to high margin formulations. Over the last five years, FDs have increased their share in the total pie from 7% to 32% and we believe that in the long term, our focused approach with FDs will constitute a majority of our revenue.

Our core products: Paracetamol, Ibuprofen, Metformin, Guaifenesin and Methocarbamol have helped us become market leaders. We are taking forward our stance and leanings from these product segments in the launch of our new offerings. Through the acquisition of Auctus Pharma and with our in-house R&D, we have expanded into higher margin products. By introducing products in a focused manner and with a cost effective process in place, we believe we have the ability to gain market share. We have also expanded into the high value CRAMS business through an equal JV with Ajinomoto Omnicem. The JV focuses on complex APIs and has a multi-product API plant in Vizag SEZ. The construction of the facility is complete and trial production is underway. Historically, we used to supply our core products in bulk to intermediaries in US, who in turn then packaged it into store brand products and supplied the same to retail chains. We have recently ventured into supplying directly to retail chains in US markets. To facilitate this, we have set up a front-end team to focus on business development and we aim to build a sustainable business line based on the foundation of this initiative, on a long term basis.

### Active Pharmaceutical Ingredient (API)

Granules' API vertical has continued to demonstrate robust performance, marked by process breakthroughs and capacity enhancements. There has been much emphasis on improving efficacy profiles and deepening portfolio penetration. Through the acquisition of Auctus in FY 2013-14, we added 12 APIs in anti-hypertensive, anti-allergic, anti-infective and anti-fungal product offerings. These products have a market size of \$37 billion globally. The acquisition provides a platform to expand our API business. We have commercialized the sale of Abacavir, an anti-retroviral drug, the API of which was developed by our internal R&D Team. The global market size of Abacavir is around \$1.5 billion and it is growing 15% on a year-on-year basis. In addition to Abacavir, we are expecting to commercialize an additional three to four APIs in the current fiscal year. This has strengthened the product portfolio and opens up new opportunities in the integrated generic space.

We have API manufacturing facilities at Bonathapally, Jeedimetla and Vizag. The API plant at Bonathapally successfully completed an US FDA inspection in June 2014, without attracting any observations. The Bonathapally and Jeedimetla facilities are also certified for ISO 14001 for Environmental Management Systems as well as OHSAS 18001 for Occupational Health Safety Systems. The Vizag API facility is approved by the US FDA and other regulatory authorities. The facilities have been planned and constructed with state-of-the-art systems and procedures, providing a complete end-to-end API supply chain under one roof. Our capabilities are underwritten by consolidated project management, safety and compliance. We are continually working to ensure that all plant lines give the required turnover, with the least downtime and the most favourable product mix. To tap the opportunity of increased demand, we are assertively optimising and de-bottlenecking our operations by using existing infrastructure to maximise throughput. The business accounts for 44% of its revenue in FY 2014-15.

#### API Portfolio

➔ Paracetamol	➔ Losartan
➔ Ibuprofen	➔ Cetirizine
➔ Metformin HCl	➔ Levocetirizine
➔ Guaifenesin	➔ Clopidogrel
➔ Methocarbamol	➔ Rifaximin
➔ Abacavir	➔ Pregabalin
➔ Valsartan	➔ Fluconazole
➔ Olmesartan	➔ Pantoprazole
➔ Telmisartan	➔ Doxylamine

### Pharmaceutical Formulation Intermediates (PFIs)

PFIs is a conception for large-volume drug molecules within the pharmaceutical production, and provides savings for finished dosage manufacturers, including less handling issues, fewer regulatory hurdles and enhanced efficiency. Granules pioneered the concept of commercializing PFIs. The use of PFIs helps to reduce process timing, leading to significant reduction in capital expenditure and the number of suppliers. We have established an operational excellence program which helps customers in process development, six sigma parameters to eliminate operational bottlenecks, increasing yield, reducing wastage, attaining process standardisation and enhancing quality.

Granules entered this business segment in the early 90s, following an insight that most finished dosage manufacturers were not efficiently producing PFIs. Manufacturers were granulating but not able to derive operational efficiencies because they focused on dozens of products or only created products in limited quantities. This pulled down the overall return from their investments, especially because PFI manufacture accounts for 80% of the total cost of a finished dosage.

We have PFI manufacturing facilities at Jeedimetla and Gagillapur. We increased PFI capacity at Gagillapur by 4,000 TPA and will commercialize business in FY 2015-16. Post commissioning, the total capacity of PFI will be 18,400 TPA and this business accounts for 24% of its revenue in FY 2014-15.

PFI Portfolio	
(Single actives)	(Multiple actives)
➔ Paracetamol	➔ Paracetamol and Caffeine
➔ Ibuprofen	➔ Paracetamol and Diphenhydramine
➔ Metformin HCl	➔ Paracetamol and Chlorpheniramine Maleate
➔ Guaifenesin	➔ Ibuprofen and Pseudoephedrine HCl
➔ Methocarbamol	
➔ Ciprofloxacin	

### Finished Dosage (FD)

At Granules, the manufacture of finished dosages represents the apex of the value chain. The Company entered this business in FY 2008-09 with an installed capacity of six billion tablets and expanded it to eighteen billion tablets in FY 2013-14. Granules offers multiple finished dosage forms, comprising tablets, caplets and press-fit capsules in bulk, blister packs and bottles and this business accounts for 32% of its revenue in FY 2014-15. We offer unique rapid release tablets, bilayer tablets and extended release (ER) tablets, strengthening the customer's competitive advantage.

We have FD, a manufacturing facility at Gagillapur which has one of the largest single-site finished dosage capacities in the world with automated processes, robust infrastructure and efficient quality systems. The manufacturing plant at Gagillapur successfully completed US FDA inspection in March 2015 without attracting any observations. This facility is also ISO 14001 and ISO 18001 certified.

#### FD Portfolio (single actives)

- ➔ Paracetamol
- ➔ Ibuprofen
- ➔ Guaifenesin
- ➔ Metformin HCl
- ➔ Naproxen Sodium

#### FD Portfolio (multiple actives)

- ➔ Paracetamol and Guaifenesin
- ➔ Paracetamol, Codeine Phosphate and Guaifenesin
- ➔ Ibuprofen and Methocarbamol
- ➔ Ibuprofen and Pseudoephedrine HCl
- ➔ Ibuprofen, Pseudoephedrine HCl and Chlorpheniramine Maleate
- ➔ Paracetamol and Diphenhydramine HCl

### Research & Development

At Granules, we contribute considerable resources to research and development in order to develop new and existing products; this in turn creates value for our customers. We have a dedicated team spread across our multiple locations. Our R&D endeavours have facilitated us to develop our own intellectual property which is well-confined in defined geographies of our business interests.

Granules has designed a research program that continues to ensure the delivery of a feasible pipeline of high-value

The Company is solidifying its competitive positioning by enhancing product portfolio.

opportunities that are augmenting growth for the Company across markets. Combining its newly expanded R&D activities with Auctus Pharma's base, Granules launched a product called Abacavir – an antiretroviral product. We are in the process of launching 3-4 products in FY 2015-16.

The R&D department aims to work on products that strengthen the competitive positioning of the Company in the market, whilst focussing on a differentiated portfolio. Research and development efforts at Granules are directed towards exploring the options of vertically integrating formulations manufacturing with APIs and focussing on submitting ANDAs.

A young and energetic talent pool at Granules' R&D Centre has successfully completed the development and scale up of a large number of projects comprising pharmaceutical active ingredients and intermediates. On-time completion and delivery of projects over the past couple of years have received recognition from customers and helped in furthering the team's motivation.

The team is aspiring to focus on different classes of projects: those which can generate revenue in the short-term and those that can do so in the future. Granules' R&D division has created a pipeline of projects to cater to products of variable complexities in the areas of chemistry, IP, engineering and manufacturing. Furthermore, it has also developed infrastructure, focussing on safety and quality. In conclusion, the Granules Research Centre is exploring growth opportunities to grow in gargantuan measures and create its footprint in pharmaceutical research.

### Quality Assurance

Quality is not just a result of superior process mechanisms, but a practice that must be encouraged and followed routinely – it emerges from a culture that promotes efficient, error-free manufacturing at every level. Granules is creating a culture of quality that enters through management onto the shop floor. We are building new proficiencies by following six sigma and lean manufacturing across most of our manufacturing facilities. All our state-of-the-art manufacturing facilities consist of hi-tech, sophisticated and automated equipment, to achieve high levels of accuracy and precision.

Quality review meetings take place at regular intervals and involve the functional heads of quality and operations as well as senior management. Pre-identified quality indices and goals are evaluated and new targets for developments are laid out. We have also introduced a structured internal audit program to constantly review the level of regulatory compliances, policies and procedures.

### Operational Excellence

An agile and proficient operations set-up forms the backbone of sustainable growth and profitability of any organization. At Granules, we endeavour to raise operational efficiencies, deriving maximum productivity from our resources. The Company has critically analyzed each link of its value delivery chain and acknowledged key fronts to drive up the overall productivity of the organization.

To support our constant investment in high value-added areas, we are aiming for optimised allocation of resources and pursuing operational excellence by building an optimal manufacturing framework and boosting operational efficiency through the use of external resources. Key Operational Excellence initiatives have been developed and implemented to facilitate a process of improvement in the culture within our manufacturing facilities. This enables us to focus on reducing unpredictability and waste reduction.

An efficient Six Sigma training program at our manufacturing plants has enabled trained problem solvers to foresee, overcome and improve workflow challenges. We have also set up additional capacities and better systems to ensure a flawless and prompt production procedure with higher productivity. The Operations Team inspects each step to establish how to increase yields, throughput and accomplish process standardisation while reducing wastage and enhancing quality.

### Human Capital

Granules believes that people perform to the best of their capability in organisations to which they feel truly associated. Our focus is to widen organisational capabilities and improve

organisational effectiveness so as to have a competent and engaged workforce. Our people are our partners in progress, and employee empowerment has been critical in driving our organization's growth to the next level.

Talent management and succession planning to attract and create better opportunities for the organization's growth makes for a significant part of our endeavours. Each of our business divisions has its explicit performance management models that help in aligning individual performance and needs with that of the business. Health, safety, security and environment outline the core of our business, and all employees are accountable for this. We have undertaken best practices related to health, safety, security and environment protection.

Granules has a work environment that inspires people to do their best and encourages an ecosystem of teamwork, continuous learning and work-life balance. We promote innovation, by rewarding ideas that make real difference to key facets of our business. The Company's total employee strength stood at over 2,006 as on March 31, 2015.

### Business Strategy/ Road Ahead

- ➔ We continue to produce high-quality APIs in-house and gradually shift the business from low-margin APIs to high-margin formulations
- ➔ Our focus is on expanding our product offering with high value APIs and integrate in the future with formulations
- ➔ We emphasis on regulated markets which will help operating margins expand
- ➔ Our tradition is to uphold strict adherence to quality management systems through robust processes
- ➔ We capitalise on our strong customer relationships to build and pursue growth opportunities



## Financial Overview

In FY 2014-15, the Company crossed 1,200 Cr. in revenue while concurrently expanding profit margins due to its ability to execute its business strategy.

### Snapshot

Year	FY 2014-15	FY 2013-14	Growth (%)
Net Sales	1,293	1,096	18%
EBIDTA	213	163	31%
PBT	128	112	14%
PAT	91	75	21%

(₹ in Cr.)

### Segment breakup

Year	FY 2014-15	FY 2013-14
API	570	429
PFI	310	315
Finished Dosages	412	352
TOTAL	1,293	1,096

(₹ in Cr.)

## RISK MANAGEMENT

Granules comprises risk management activities as part of operational responsibilities of management and has made them a significant part of overall governance, organisational and accountability structure. We are implementing a broad and strategic approach to risk management, taking into consideration both internal and external risks and strengthening the governance process to respond promptly to changing dynamics.

### New Products

The Company operates in highly competitive markets globally and experiences competition from local manufacturers. Significant product innovations, technological developments or the increase of price competition by competitors may adversely affect the Company's revenues.

**Risk Mitigation** - The Company checks both product development and external alliances, and targets are selected after comprehensive screening and research across various parameters. The Company gradually assesses both scientific and financial considerations of a product as well as possible benefits/risks associated with the continued development of assets.

### Product Quality

Patients, consumers and healthcare professionals trust the quality of our products at the point of use. Any failure to guarantee product quality is an enterprise risk which is relevant across all of the Company's global operations.

**Risk Mitigation** - The Company has adopted a Quality Management System (QMS) that characterizes corporate quality standards and systems for the business units' association with pharmaceutical products & R&D investigational materials. A team of quality and compliance professionals are aligned with



each business unit to provide lapse and support to the delivery of quality performance and operational compliance.

### Changing global political and economic conditions

Risk of exposure to various external political and economic conditions exist as well as the fear of natural disasters that may affect the Company's work performance and capability to achieve its objectives. Additionally, the Company operates across a broad range of markets and these markets are equipped to deal with the effects of natural disasters that could impact business operations.

**Risk Mitigation** - The Company's portfolio and geographic footprint support in mitigating its coverage to any specific localised risk. External uncertainties are carefully measured whilst developing strategy and reviewing performances.

### Regulatory Risk

The Company's global operations subject it to compliance with a broad range of decrees and regulatory controls on the development, manufacturing, testing, approval, distribution and marketing of its pharmaceutical products. The Company works globally in complex legal and regulatory environments that often differ among jurisdictions. As the rules and regulations transform or as the governmental interpretation of those rules and regulations develop, the potential exists for the conduct of the Company to be called into question.

**Risk Mitigation** - The Company's internal control framework is designed to help ensure we cater to legal and regulatory requirements through constant evaluation. The Company has implemented several mechanisms to monitor and support our compliance with legal and regulatory necessities.



**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.



# DIRECTOR'S REPORT

To  
The Members,

Your Directors are pleased to present 24th Annual Report and the Company's audited financial statements for the financial year ended March 31, 2015.

## FINANCIAL RESULTS

The Company's financial performance, both standalone and consolidated, for the year ended March 31, 2015 is summarised below:

Particulars	Standalone		Consolidated	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Revenue from Operations	121,331.13	100,167.99	129,292.24	109,586.48
Other Income	296.32	364.75	434.31	431.09
Total Income	121,627.45	100,532.74	129,726.55	110,017.57
EBITDA	21,274.75	16,665.57	21,295.73	16,260.14
Less: Finance Costs	3,092.94	1,892.70	3,234.59	2,042.73
Less: Depreciation	4,955.87	2,639.79	5,265.10	2,981.25
Profit Before Tax	13,225.94	12,133.08	12,796.04	11,236.16
Less: Tax Expenses	3,703.30	4,031.94	3,705.26	3,713.03
Net Profit After Tax	9,522.64	8,101.14	9,090.78	7,523.13
Add: Adjustment pursuant to amalgamation	(601.51)	-	(430.59)	-
Add: Net book value of the assets whose remaining useful life is NIL at the beginning of the year in terms of provisions of Companies Act 2013.	(17.00)	-	(17.00)	-
Add: Surplus Brought Forward from Previous Year	9,528.92	12,258.25	9,204.28	12,511.63
Surplus Available	18,433.05	20,359.39	17,847.47	20,034.76
Appropriations made to Surplus:				
Provision for Dividend	1021.26	709.84	1021.26	709.84
Provision for Dividend Tax	207.90	120.64	207.90	120.64
Dividend of Previous years (including tax)	3.15	-	3.15	-
Transfer to General Reserve	10,000.00	10,000.00	10,000.00	10,000.00
Balance Carried to Balance Sheet	7,200.74	9,528.92	6,615.16	9,204.28
Basic Earnings Per Share	4.67	4.01	4.46	3.72
Diluted Earnings Per Share	4.62	3.93	4.41	3.65



## REVIEW OF OPERATIONS

During the period under review, the Company has earned revenue of ₹ 121,331.13 lakhs on standalone basis.

The Company posted very good results for the FY 2014-15 and it has reported record sales of ₹ 121,331.13 lakhs in the FY 2014-15 compared to net sales of ₹ 1,00,167.99 lakhs in FY 2013-14, registering growth of 21.13% in the current financial year. However, the figures reported for the FY 2014-15 includes the figures of Auctus Pharma Ltd., amalgamated Company. The Company's growth was driven by strong performance across all manufacturing facilities. The primary growth driver in FY 2014-15 was led by change in product mix. On a standalone basis, the Active Pharmaceutical Ingredients (API) business contributed the largest share of revenue at 40% while Pharmaceutical Finished Intermediates (PFI) and Finished Dosages contributed 25% and 35%, respectively. This is compared to 32%, 33% and 35% for API, PFI and Finished Dosages, respectively in FY 2013-14.

The EBITDA stood at ₹ 21,274.75 lakhs for FY 2014-15 compared to ₹ 16,665.57 lakhs for FY 2013-14, registering a growth of 27.66%. The profit after tax for FY 2014-15 stood at ₹ 9,522.64 lakhs compared to ₹ 8,101.14 lakhs for FY 2013-14, registering a growth of 17.55% in the current financial year. The profitability outpaced revenue growth due to several reasons. The Company improved its economy of scale by increasing

production facility utilization in formulation capacity at the Gagillapur facility. Due to the increased utilization, the product mix shifted more towards Finished Dosages which bolstered margin profiles. During the year, the Company has re-enforced its fundamental strength of FDA complied facilities by successfully completing the US FDA audits at Bonthapally and Gagillapur facilities with no observations. Your Company acquired Auctus Pharma Ltd. in the last financial year, which was successfully turned around in the fourth quarter of current fiscal and the Company believes that the operations will continue to expand and add value. 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.

In addition to concentrating on its core business, the Company has been looking at opportunities to diversify its sales by leveraging its core competency of efficient manufacturing. In the short-to-mid-term, Company will focus on selling APIs to quality conscious customers. Over the long-term, it will add value by offering Finished Dosages from select APIs in the same portfolio from our product basket. In the endeavour to go deeper into the regulated markets, Company has initiated strategies to reach out to the end user directly bypassing intermediaries. The Company will continue to strengthen its model and build systems that are sustainable as it continue to scale-up.



## EXPANSIONS

During FY 2014-15, the Company enhanced PFI capacity by adding 4000 Tons per annum in the Gagillapur facility which will help to produce PFIs and formulations in the year to come. The Company also expanded clean room facility at Visakhapatnam plant which will enable to produce and sell more APIs.

## DIVIDEND

Your Directors have recommended a dividend of ₹ 0.50 (i.e. 50%) per equity share of face value ₹ 1/- each (last year, ₹3.50 per share of face value ₹ 10/- each i.e. 35%) for the financial year ended March 31, 2015, amounting to ₹ 1229.16 lakhs (inclusive of tax of ₹207.90 lakhs). The dividend payout is subject to approval of members at the 24th Annual General Meeting. Dividend will be paid to the members whose names appear in the Register of Members as on the date of book closure and in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

## TRANSFER TO GENERAL RESERVES

The Company proposes to transfer ₹ 10,000 lakhs to general reserves for the FY 2014-15. With this addition, the total Reserves & Surplus (including Capital Reserve, Securities Premium Reserve, Central Subsidy, General Reserve and Surplus) as on March 31, 2015 is ₹ 40,498.41 lakhs as against the Paid up Capital of ₹ 2,042.52 lakhs.

## SHARE CAPITAL

With a view to broad base the investor base by encouraging the participation of the small investors and also to increase the liquidity of equity shares, the Company, with the approval of the Shareholders, has sub-divided each equity share of face value of ₹ 10/- (Rupees Ten only) of the Company into 10 (Ten) equity shares of face value ₹ 1/- (Rupee One only) each during the year under review with effect from 24th March 2015.

Granules offers multiple finished dosage forms, comprising tablets, caplets and press-fit capsules in bulk, blister packs and bottles and this business accounts for 32% of its revenue in FY 2014-15.

Consequent to amalgamation of Auctus Pharma Ltd. with the Company during the year, the Authorised Share Capital of Auctus Pharma Ltd. of ₹ 4,50,00,000 was merged with the Authorised Share Capital of the Company. Thus the Authorised Share Capital of the Company stood increased from ₹ 30,00,00,000/- to ₹ 34,50,00,000/- for the financial year ended 31st March 2015.

The Authorized Share Capital of the Company is ₹ 34,50,00,000/- (rupees thirty four crores fifty lakhs only) divided into 34,50,00,000 (thirty four crores fifty lakhs only) equity shares of ₹ 1/- each. The Paid Up Share Capital of the Company is ₹ 20,42,51,540 (rupees twenty crores forty two lakhs fifty one thousand five hundred and forty only) divided into 20,42,51,540 equity shares of ₹ 1/- each as on 31st March 2015.

## TRANSFER TO THE INVESTOR EDUCATION & PROTECTION FUND (IEPF)

According to Section 205C of the Companies Act, 1956 read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the unclaimed dividend amounting to ₹ 1,95,483/- (rupees one lakh ninety five thousand four hundred and eighty three only) for the FY 2006-07, was transferred to the Investor Education and Protection Fund established by the Central Government during the year under review.

## MANAGEMENT'S DISCUSSION AND ANALYSIS STATEMENT

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of the Annual Report

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

### Subsidiary Companies:

#### M/s. Auctus Pharma Ltd.

During the year, the Honb'le High Court of Judicature at Hyderabad for the state of Telangana and the state of Andhra Pradesh, vide its order dated 23rd September 2014 approved the Company Petition no. 144 of 2014 filed by M/s. Auctus Pharma Ltd., a wholly owned subsidiary of the Company, for the Scheme of amalgamation of M/s. Auctus Pharma Ltd. with the Company. Consequent to the said Honb'le High Court order, M/s. Auctus Pharma Ltd. was amalgamated with the Company on 13th November 2014, being the effective date, with effect from 1st April 2013, i.e. appointed date. By virtue of the aforesaid amalgamation, M/s Auctus Pharma 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.

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

➔ **Granules USA Inc.**

Granules USA Inc, a wholly-owned subsidiary of your company, operates for the marketing requirements of the Company in the U.S market. The Share Capital of the Company as on March 31, 2015 is ₹ 116.31 lakhs. During FY 2014-15, the Company achieved a turnover of ₹ 17,774.91 lakhs against the turnover of ₹ 11,079.99 lakhs of FY 2013-14 and the profit after tax is ₹(40.82) lakhs against ₹ 86.40 lakhs of FY 2013-14.

➔ **GIL Lifesciences Private Limited**

The Company has not commenced any activity so far. As on 31st March 2015, the Authorized Share Capital of the Company is ₹ 350.00 lakhs divided into 3,500,000 (thirty five lakhs) equity shares of ₹ 10/- each and the Paid Up Share Capital of the Company is ₹ 294.62 lakhs divided into 2,946,176 (twenty nine lakhs forty six thousand one hundred and seventy six only) equity shares of ₹ 10 each.

➔ **Granules Pharmaceutical Inc.**

Granules Pharmaceutical Inc. was incorporated on 20th October 2014 by the Company as a wholly owned subsidiary in USA which will focus on formulations and R&D. The operations are not yet commenced.

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](http://www.granulesindia.com)

**Joint Venture Companies:**

No company has become/ceased to be a joint venture or associate during the FY 2014-15.

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, 2015 is ₹ 3,638.06 lakhs. During FY 2014-15, the Company achieved a turnover of ₹ 22,216.72 lakhs of which Granules India Limited reports 50% in its consolidated revenue.

➔ **Granules OmniChem Private Limited**

The Share Capital of the Company as on 31st March 2015 is ₹ 7,546.19 lakhs. The Company has completed trial production and partially capitalized the project in January 2015. As there were no commercial sales after project capitalization, there was no income during the FY 2014-15. The Company plans to obtain all necessary regulatory approvals from the U.S. Food and Drug Administration ("FDA") and other regulatory authorities by March 31, 2016.

However, 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 Clause 32 of the Listing Agreement and prepared in accordance with Accounting Standard 21 as specified in the Companies (Accounting Standards) Rules, 2006 forms a part of this annual report. 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](http://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:

- in the preparation of the annual accounts for the year ended March 31, 2015, 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;
- 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, 2015 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, 2015;
- 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 Agreement 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 Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The Composition of the Committee is provided below.

Name	Category
Mrs. C. Uma Devi Chairman	Non-Independent, Executive
Mr. C. Krishna Prasad	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](http://www.granulesindia.com)

The Company would undertake CSR initiatives in compliance with Schedule VII to the Act. During the year, the Company has spent ₹ 30.97 Lakhs on CSR activities. The Annual Report on CSR activities is annexed herewith marked as **Annexure I**.

## 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 FY 2014-15, the composition of Nomination and Remuneration Committee is provided below.

Name	Category
Mr. L.S. Sarma Chairman	Independent, Non-Executive
Mr. A.P. Kurian	Independent, Non-Executive
Mr. Krishna Murthy Ella	Independent, Non-Executive
Mr. C. Krishna Prasad	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

During the year, your Directors have constituted a Risk Management Committee which 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 Business Review Committee and Audit Committee meetings periodically.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Dr. C. Nageswara Rao, Chairman of the Company ceased to be Director during the year under review due to his demise on May, 15, 2014.

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, Non-Independent Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Harsha Chigurupati was appointed as an Executive Director of the Company with effect from 1st August, 2010 by the Shareholders at the 19th Annual General Meeting of the Company held on 27th September 2010. The current term of office of Mr. Harsha Chigurupati as an Executive Director of the Company expires on 31st July 2015. In view of his consistent efforts which have contributed to the growth of the organization and the sincere service rendered for the better performance of the organization during his tenure as an Executive Director, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Mr. Harsha Chigurupati as an Executive Director of the Company for a further period of 5 (five) years effective from 1st August 2015 under Section 196, 197, 203 read with Schedule V of the Companies Act, 2013 and rules made thereunder. The approval of the members is being sought to the terms, conditions and stipulations for the re-appointment of Mr. Harsha Chigurupati as an Executive Director and the remuneration payable to him and resolution pertaining to the same is contained in the notice calling Annual General Meeting.

During the year under review, the members approved the appointments of Mr. L.S. Sarma, Mr. A.P. Kurian, Mr. C. Parthasarathy, Dr. Krishna Murthy Ella and Mr. A. Arun Rao as Independent Directors of the Company who are not liable to retire by rotation. The members have also approved the re-appointment of Mr. C. Krishna Prasad as Managing Director as well as Chairman of the Company.

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 Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

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.

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 to the Board. 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.

## EMPLOYEE STOCK OPTION PLAN (ESOP)

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Plan of the Company in accordance with the applicable SEBI Guidelines.

The applicable disclosures as stipulated under the SEBI Guidelines as on March 31, 2015 (cumulative position) with regard to the Employees' Stock Option Scheme (ESOS) 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 clause 14 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, certificate from M/s. Kumar & Giri, Statutory Auditors is given as **Annexure II** to this report. Voting rights on the shares issued to employees under the ESOP are either exercised by them directly or through their appointed proxy.

During the year, we continued to produce APIs and focused our energy to make it value accretive by improvising operational efficiencies, processes and changing the customer mix.

The details of the stock options granted / vested / exercised under the Granules India Equity Stock Option Plan 2009 approved by the members in 18th AGM, are given below:

Sl. no.	Description	Details
(a)	Options granted till date under the scheme	80,00,000 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	12,40,000
(d)	Options exercised during the year	11,60,000
(e)	Total number of shares arising as a result of exercise of options	11,60,000
(f)	Options lapsed during the year	6,00,000
(g)	Options lapsed till date under the scheme	23,10,000
(h)	Variation in terms of options	Nil
(i)	Money realized by exercise of options during the year	11,057,000
(j)	Total number of options in force	34,00,000
(k)	Employee wise details of options granted to:	
(k)(i)	Senior managerial personnel	
	Name	No. of Options
	Mr. B. Madhusudan Rao	2,00,000
	Mr. VVS Murthy	2,50,000
	Mr. Stefan Lohle	2,00,000
	Dr. VVNVK Prasada Raju	5,00,000
	Mr. PSN Murthy	1,50,000
(k)(ii)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year.	
	Name	No. of Options
	Mr. R. Ramraj	1,00,000
	Mr. M. Satyababu	2,00,000
	Mr. P.N. Baskaran	1,00,000
	Mr. R. Sudhakar Babu	1,00,000
	Mr. B.N.R. Prasad	1,00,000
(k)(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.	₹ 4.62 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 prices and weighted-average fair values of options, whose exercise price either equals or exceeds or is less than the market price of the stock	₹ 9.53/- per share
(o)	Description of the method and significant assumptions used during the year to estimate the fair values of options.	Not Applicable

Note: 1. Out of the total allotment of 14,40,000 equity shares during the year, 2,80,000 equity shares were allotted for the options exercised in the previous year.

2. During the year under review, Shares of the Company of face value of ₹ 10/- each has been sub-divided into 10 equity shares of ₹ 1/- each. Accordingly number of options are also adjusted.



## 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 thereon, M/s. Kumar & Giri, Chartered Accountants, Hyderabad was re-appointed for three years in the last Annual General meeting subject to ratification at every Annual General meeting. The Company has received a certificate from the auditors to the effect that their ratification for re-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 ratification of re-appointment of M/s. Kumar & Giri, Chartered Accountants as Statutory Auditors for the FY 2015-16. A resolution proposing ratification of re-appointment of M/s. Kumar & Giri, Chartered Accountants as the Statutory Auditors of the Company for the FY 2015-16 pursuant to section 139 of the Companies Act, 2013 forms part of the Notice.

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 in their report on the accounts of the company under review.

### SECRETARIAL AUDITOR

The Board has appointed M/s. Saurabh Poddar & Associates, Company Secretaries, to conduct Secretarial Audit for the FY 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as **Annexure III** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### 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](http://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 this Report.

## DISCLOSURES

### Audit Committee

The Audit Committee comprises majority Independent Directors namely Mr. L.S. Sarma (Chairman), Mr. A.P. Kurian, Mr. A. Arun Rao and Mr. C. Krishna Prasad 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 Agreement, 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](http://www.granulesindia.com)

### Meetings of the Board

Seven meetings of the Board of Directors were held during the year under review. For further details, please refer report on Corporate Governance of this Annual 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.2.12 and 2.35 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 this Report.

### Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith as **Annexure VI** to this 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, 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 are 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](http://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.

#### Policy on Sexual Harassment

The Company has adopted policy on Prevention of Sexual Harassment of women at Workplace in accordance with The Sexual Harassment of women at Workplace (Prevention, Prohibition 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 ESOP referred to in this Report.
4. Cost Audit is not applicable for the FY 2014-15.
5. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
6. 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 also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

Hyderabad,  
June 20, 2015

On behalf of the Board  
Sd/-  
**C. Krishna Prasad**  
Chairman and Managing Director  
DIN: 00020180

## ANNEXURE I TO DIRECTORS' REPORT

**Annual Report on Corporate Social Responsibility (CSR) activities for the FY 2014-15 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 <a href="http://www.granulesindia.com">www.granulesindia.com</a>
2	Average net profit of the Company for last three financial years.	₹ 6,867.12 lakhs
3	Prescribed CSR expenditure (two percent of the amount mentioned in item 2 above)	₹ 137.34 lakhs
4	Details of CSR spent during the financial year:	
	Total amount to be spent for the financial year	₹ 137.34 lakhs
	Amount unspent, if any, and reasons for not spending	The amount unspent is ₹ 106.37 lakhs. The Company is evaluating proposals to ensure CSR funds are optimally utilised.
	Manner in which the amount spent during the financial year	Details given below



## DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FY 2014-15:

S. 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 (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through Implementing Agency
1.	Pipeline for drinking water	Cl.(i) making available safe drinking water	Telangana, Ranga Reddy District	₹ 25 lakhs	₹ 20.97 lakhs	₹ 20.97 lakhs	Direct
2.	Sanitation Programme	Cl.(i) promoting preventive health care and sanitation	Andhra Pradesh, Guntur	₹ 10 lakhs	₹ 10 lakhs	₹ 10 lakhs	Implementing Agency - Nirmal Bharat Abhiyan (NBA), a Central Govt. initiative.

**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.'

Sd/-

**C. Krishna Prasad**

Chairman and Managing Director  
June 20, 2015

Sd/-

**C. Uma Devi**

Chairman, CSR Committee  
June 20, 2015

## ANNEXURE II TO DIRECTORS' 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 SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 by Granules India Limited, for the year ended on March 31, 2015.

Our examination was limited to the implementation of the Granules India Equity Option Plan 2009 by the Company for ensuring the compliance of the said guidelines.

In our opinion and to the best of the information and according to the explanations given to us, we certify that the said Plan has been implemented in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 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  
Firm Regn No.001584S

Sd/-

**J. Bhadra Kumar**

Partner

Membership No. 25480

Place: Hyderabad  
Date: June 20, 2015

## ANNEXURE III TO DIRECTORS' REPORT

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31-03-2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**M/s. Granules India Limited,**  
Hyderabad

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 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I, have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Granules India Limited ("the Company") for the financial year ended on 31st March 2015 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, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
  - (d) 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) The other allied acts as stated below:-

**List of laws governing the pharmaceutical sector:**

1. The Drugs and Cosmetics Act, 1940
2. The Drugs and Cosmetics Rules, 1945
3. The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954
4. Narcotic Drugs and Psychotropic Substances Act, 1985
5. Biological Diversity Act, 2002
6. Dangerous Drugs Act, 1930
7. The Pharmacy Act, 1948
8. Substances Act, 1988
9. Drug Policy 1986
10. Guidelines on Recall and Rapid Alert System for Drugs
11. Guidelines on Fixed Dose Combinations (FDC)

**Intellectual Property Rights**

12. The Patents Act, 1970
13. The Trade & Merchandise Marks Act, 1958
14. The Geographical Indication of Goods (Registration & Protection) Act, 1999
15. The Industries (Development and Regulation) Act, 1951
16. Trade Marks Act, 1999

**Labour Laws**

17. Trade Unions Act, 1926
18. Industrial Employment Standing Order Act, 1946.
19. Industrial Disputes Act, 1947.
20. Payment of Wages Act, 1936
21. Minimum Wages Act, 1948
22. Payment of Bonus Act, 1965.
23. Factories Act, 1948.
24. Contract Labour (Regulation & Abolition) Act, 1970.
25. Sales Promotion Employees Act, 1976.
26. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.
27. Dangerous Machines (Regulation) Act, 1983

28. Industrial Employment (Standing Orders) Act, 1946
29. Plantation Labour Act, 1951
30. Private Security Agencies (Regulation) Act, 2005
31. Maternity Benefit Act, 1961
32. Equal Remuneration Act, 1976
33. Bonded Labour System (Abolition) Act, 1976
34. Child Labour (Prohibition & Regulation) Act, 1986
35. Children (Pledging of Labour) Act, 1933
36. Workmen's Compensation Act, 1923.
37. Employees' State Insurance Act, 1948.
38. Employees' Provident Fund & Miscellaneous Provisions Act, 1952.
39. Payment of Gratuity Act, 1972.
40. Employers' Liability Act, 1938
41. Fatal Accidents Act, 1855
42. Personal Injuries (Compensation Insurance) Act, 1963
43. Personal Injuries (Emergency Provisions) Act, 1962
44. Unorganized Workers' Social Security Act, 2008
45. The Weekly Holidays Act, 1942
46. Shop & Establishments Act,

**Environmental Laws**

47. Air (Prevention and Control of Pollution) Act, 1981The Air Corporations (Transfer of Undertakings and Repeal) Act, 1994.
48. The Environment (Protection) Act, 1986
49. The Water (Prevention and Control of Pollution) Act, 1974
50. The Forest Conservation Act, 1980
51. Protection of Plant Varieties and Farmers Right Act, 2001
52. The Biological Diversity Act, 2002
53. The Noise (Regulation and Control) Rules 2000

**Tax Laws**

54. Customs Act, 1962
55. Central Excise Act, 1948 ,
56. Central Sales Tax Act, 1956
57. Service Tax
58. Income Tax Act, 1961
59. Wealth Tax Act, 1957
60. Professional Tax

**Miscellaneous**

61. The Competition Act, 2002
62. The Arbitration & Conciliation Act, 1996
63. The Right to Information Act
64. Information Technology Act, 2000

65. Indian Contract Act, 1872
66. Sale of Goods Act, 1932
67. The Urban Land (Ceiling & Regulation) Act.
68. Transfer of Property Act
69. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### Consumer Laws

70. Consumer Protection Act, 1996
71. Prevention of Black Marketing & Maintenance of Supplies of Essential Commodities Act, 1980.
72. Protection of Human Rights Act, 1993
73. Protection of Civil Rights Act, 1955
74. 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 – (Not notified hence not applicable to the Company during the audit period).
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange Of India Limited;

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. The changes in the composition of

the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 members' views are captured and recorded 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 amalgamation with M/s. Auctus Pharma Limited, a wholly owned subsidiary of the Company.
- (ii) the company has allotted 1,44,000 shares of ₹10/- each upon exercise of stock options granted to employees and Directors.

For Saurabh Poddar & Associates

Place : Hyderabad  
Date : April 27, 2015

Sd/-  
**Saurabh Poddar**  
ACS No. 29913  
C P No.: 10787

## ANNEXURE IV TO DIRECTORS' 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.

- 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.
- 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 subsidiary)	Sale of goods	FY 2014-15	₹ 183,02.26 lakhs	24.07.2014	NIL	The transaction is at arm's length price
2	Granules –Biocause Pharmaceutical Co. Ltd. (Joint Venture)	Purchase of goods	FY 2014-15	₹ 53,29.81 lakhs	24.07.2014	NIL	The transaction is at arm's length price

On behalf of the Board  
Sd/-

**C. Krishna Prasad**  
Chairman and Managing Director  
DIN: 00020180

Hyderabad, June 20, 2015

## ANNEXURE - V TO DIRECTORS' 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

Particulars	FY 2014-15	FY 2013-14
<b>1. Electricity</b>		
Unit (KWH)	28,228,925	19,072,050
Total amount (₹ in lakhs)	2,009.05	1,512.26
Average rate/Unit (₹)	7.12	7.93
<b>2. Own generation from Diesel generator set</b>		
Unit (KWH)	2,697,812	2,036,439
Total cost (₹ in lakhs)	570.65	399.89
Average rate/Unit (₹)	21.15	19.64
<b>3. Coal</b>		
Quantity (MT)	16,634.22	13,581.28
Total cost (₹ in lakhs)	1,028.25	733.27
Average rate/MT (₹)	6,181.56	5,399.15
<b>4. Furnace Oil, LSHS</b>		
Quantity (K. Ltrs.)	54.73	56.39
Total cost (₹ in lakhs)	24.49	27.92
Average rate/K. Ltrs. (₹)	44,751.48	49,504.28

#### B. Consumption per unit of production

Particulars	Standards	Current year	Previous year
Products (with details) unit	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.		
Electricity			
Furnace oil			
Coal			

### FORM B – PARTICULARS OF ABSORPTION

#### 1. Technology absorption, adaptation and innovation

The Research and Development (R&D) discipline aims to work on products that strengthen the competitive position in the Market primarily on differentiated portfolio. Formulation R&D efforts at Granules are directed towards exploring the options of vertical integration. To meet customer demands, our teams focus on innovate techniques in product development. The Company is continuously striving to strengthen its R&D teams and infrastructure.

#### 2. Benefits derived as a result of the above efforts

- ➔ Efficient processes.
- ➔ Robust Generic Product development engine.

- ➔ Super value proposition to our customers and key stake holders.

- ➔ Competitive advantage in the pharmaceutical space.

#### 3. Imported technology

There was no import of technology.

#### Research and Development (R&D)

The Granules R&D is focused on revitalizing our growth engine to balance short, mid and long-term goals. The company is committed to offer superior and affordable solutions for products with intrinsic challenges at the chemistry, engineering and formulation technology areas.

Our R&D primarily caters to our in-house product development requirements for API, PFI and Finished Dosage products. Our development philosophy aims to collaborate and offer a business model of delivering end-to-end solutions across Over the Counter (OTC) monograph, OTC Abbreviated New Drug Application (ANDA) and prescription drugs.

The Company provides comprehensive drug development resources and solutions for pre-formulation, formulation development, analytical development, CGMP, scale-up, stability and also co-ordinate for conducting bioavailability and bioequivalence studies for regulated and emerging markets. The Company possesses capabilities to develop several IR and MR solid dosage products and filing dossier and ANDA for regulated markets including the U.S., Canada, Europe, Australia and other countries.

#### ➔ Specific areas in which R & D work was carried out by the Company

R&D currently focuses on developing and filing generic products for regulated markets and also on large volume OTC drugs and the products with intrinsic challenges.

In addition, R&D is working to build a healthy products portfolio for enhanced and sustainable growth on extending our product reach line extensions for existing products and also adding value through applications such as extended release.



The Company currently offers the following Finished Dosage products:

- ➔ Press fit / express fit (gel caps) OTC products
- ➔ Delayed / extended release
- ➔ Immediate release
- ➔ Capsules

➔ **Benefits derived as a result of the above R & D**

Granules could achieve a long term sustainability to offer superior value to its customers which would enable the Company to achieve Global leadership position. The Company has developed Abacavir API during the year.

➔ **Future plan of action**

The Company intends to focus on different classes of projects, in line with our Business strategy; some, which can generate revenue in the short-term and some, more in the future. The pipeline is being designed to cater products of variable complexities in the areas of chemistry, IP, regulatory, engineering and manufacturing.

The Company will offer wider basket of Products to the regulated Markets including North America and Europe.

**Expenditure incurred on Research and Development**

Particulars	(₹ in lakhs)	
	FY 2014-15	FY 2013-14
Capital	629.41	170.16
Revenue	840.39	825.99
<b>Total</b>	<b>1,469.80</b>	<b>996.15</b>

**FORM C – TOTAL FOREIGN EXCHANGE EARNED AND USED**

Particulars	(₹ in lakhs)	
	FY 2014-15	FY 2013-14
Foreign Exchange Earnings	92,072.57	82,395.90
Foreign Exchange Outgo	47,940.10	40,403.40

On behalf of the Board  
Sd/-

**C. Krishna Prasad**  
Chairman and Managing Director  
DIN: 00020180

Hyderabad, June 20, 2015

# ANNEXURE VI TO DIRECTORS' REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2015

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (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	Public Limited Company /Limited by shares
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@granulesindia.com URL: www.granulesindia.com
vi.	Whether listed company	YES/NO
vii.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telangana State (TS) – India Tel:+91 040 67161500, Toll Free No:1800 345 4001 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)

S. 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

S.N	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	GIL Lifesciences Private Limited	U24230TG2007PTC054839	Subsidiary	100%	2(87)(ii)
5	Granules Pharmaceutical Inc.	Not Applicable	Subsidiary	100%	2(87)(ii)

Corporate Section

Strategic Section

Statutory Reports

Financial Statements

#### 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-2014]				No. of Shares held at the end of the year[As on 31-March-2015]*				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	89,83,128	0	89,83,128	44.29	86,386,620	0	863,86,620	42.29	(2.00)
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	7,49,127	0	7,49,127	3.69	74,91,270	0	74,91,270	3.67	(0.02)
e) Banks / FI									
f) Any other									
<b>Sub-Total A(1)</b>									<b>(2.02)</b>
(2) Foreign									
(a) Individuals (NRIs/Foreign Individuals)	1,77,911	0	177,911	0.88	53,69,310	0	53,69,310	2.63	1.75
(b) Bodies Corporate									
(c) Others									
<b>Sub-Total A(2)</b>	<b>1,77,911</b>	<b>0</b>	<b>1,77,911</b>	<b>0.88</b>	<b>53,69,310</b>	<b>0</b>	<b>53,69,310</b>	<b>2.63</b>	<b>1.75</b>
<b>Total shareholding of Promoter (A)</b>	<b>99,10,166</b>		<b>99,10,166</b>	<b>48.87</b>	<b>9,92,47,200</b>	<b>0</b>	<b>9,92,47,200</b>	<b>48.59</b>	<b>(0.27)</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds									
b) Banks / FI	36,505	0	36,505	0.18	1,52,056	0	1,52,056	0.07	(0.11)
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs	3,42,540	0	3,42,540	1.69	82,43,996	0	82,43,996	4.04	2.35
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>3,79,045</b>	<b>0</b>	<b>3,79,045</b>	<b>1.87</b>	<b>83,96,052</b>	<b>0</b>	<b>83,96,052</b>	<b>4.11</b>	<b>2.24</b>
2. Non-Institutions									
a) Bodies Corp.	11,34,345	0	11,34,345	5.59	93,15,594	0	93,15,594	4.56	(1.03)
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	41,48,831	1,17,929	42,66,760	21.04	3,50,23,150	77,12,900	3,57,94,440	17.52	(3.52)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3,26,144	0	3,26,144	1.61	1,41,46,449	3,41,000	1,44,87,449	7.09	5.48
c) Others (specify)									
i) Non Resident Indians	3,78,569	0	3,78,569	1.87	41,16,778	0	41,16,778	2.02	0.15
ii) Overseas Corporate Bodies									
iii) Foreign Nationals									
iv) Clearing Members	91,958	0	91,958	0.45	9,10,677	0	9,10,677	0.45	0.01
v) Trusts	100	0	100	0.00	0	0	0	0.00	0.00
vi) Foreign Bodies -	15,62,867	22,11,200	37,74,067	18.61	3,19,83,350	0	3,19,83,350	15.66	(2.95)
<b>Sub-total (B)(2):-</b>	<b>76,42,814</b>	<b>23,29,129</b>	<b>99,71,943</b>	<b>49.17</b>	<b>9,54,95,998</b>	<b>11,12,290</b>	<b>9,66,08,288</b>	<b>47.30</b>	<b>(1.87)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>80,21,859</b>	<b>23,29,129</b>	<b>1,03,50,988</b>	<b>51.04</b>	<b>10,38,92,050</b>	<b>11,12,290</b>	<b>1,05,004,340</b>	<b>51.41</b>	<b>0.37</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>20,000</b>	<b>0</b>	<b>20,000</b>	<b>0.10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>1,79,52,025</b>	<b>23,29,129</b>	<b>20,281,154</b>	<b>100.0</b>	<b>20,31,39,250</b>	<b>11,12,290</b>	<b>20,42,51,540</b>	<b>100.0</b>	

## ii) Shareholding of Promoters

SN	Shareholder's Name	No. of Shares held at the beginning of the year [As on 31-March-2014]			No. of Shares held at the end of the year [As on 31-March-2015]*			% 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 / encumbered to total shares	
1	C. Krishna Prasad	74,73,538	36.85	21.24	7,47,35,380	36.59	15.82	(0.26)
2	Chigurupati Uma Devi	7,58,000	3.74	63.35	75,80,000	3.71	42.51	(0.03)
3	Chigurupati Pragnya	1,95,912	0.97	Nil	19,59,120	0.96	Nil	(0.01)
4	Chigurupati Priyanka	1,94,612	0.96	Nil	19,46,120	0.95	Nil	(0.01)
5	Harsha Chigurupati	2,60,966	1.29	Nil	26,77,660	1.31	Nil	0.02
6	Suseela Devi Chigurupati	6,500	0.03	Nil	1,66,000	0.08	Nil	0.05
7	Nageswara Rao Chigurupati	93,600	0.46	Nil	Nil	Nil	Nil	(0.46)
8	Ramanavarapu Vijay	1,40,211	0.69	Nil	14,42,650	0.71	Nil	0.02
9	Vidya Ramanavarapu	37,700	0.19	Nil	4,11,000	0.20	Nil	0.01
10	Triton Securities Private Limited	6,82,927	3.37	55.38	68,29,270	3.34	Nil	(0.03)
11	Tyche Technologies Pvt Ltd	66,200	0.33	Nil	6,62,000	0.32	Nil	(0.01)
12	Santhi Sree Ramanavarapu	Nil	Nil	Nil	8,38,000	0.41	Nil	0.41
<b>Total</b>		<b>99,10,166</b>	<b>48.86</b>		<b>9,92,47,200</b>	<b>48.59</b>		<b>0.3</b>

## iii) Change in Promoters' Shareholding

SN	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 (01-04-14 to 31-03-15)	
	At the beginning of the Year on 01.04.2014	99,10,166	48.86				No. of Shares	% of total shares of the Company
				05.05.2014	4000	Purchase	99,14,166	48.81
				06.06.2014	1960	Purchase	99,16,126	48.75
				11.06.2014	1085	Purchase	99,17,211	48.76
				09.06.2014	1455	Purchase	99,18,666	48.76
				20.06.2014	2800	Purchase	99,21,466	48.78
				31.07.2014/ 05.08.2014	1475	Purchase	99,22,941	48.75
				07.08.2014	425	Purchase	99,23,366	48.75
				08.08.2014	231	Purchase	99,23,597	48.75
				08.09.2014	184	Purchase	99,23,781	48.75
				10.09.2014/ 11.09.2014	639	Purchase	99,24,420	48.75
				10.11.2014	200	Purchase	99,24,620	48.63
				24.11.2014	100	Purchase	99,24,720	48.63
<b>At the end of the year *</b>							<b>9,92,47,200</b>	<b>48.59</b>

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

SN	Investco Management LLC	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
1.	At the beginning of the Year	22,11,200	10.90					
				17.03.2015	(1,41,000)	Sale	20,70,200	10.14
				24.03.2015	(1,60,000)	Sale	2,05,42,000	10.06
<b>At the end of the year (or on the date of separation, if separated during the year) *</b>							<b>2,05,42,000</b>	<b>10.06</b>

SN	Ridge Back Capital Asia 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 (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
2.	At the beginning of the Year	11,44,135	5.64		-	-		
<b>At the end of the year (or on the date of separation, if separated during the year) *</b>							<b>1,14,41,350</b>	<b>5.60</b>

SN	International Finance Corporation	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
3.	At the beginning of the Year	4,18,732	2.06		-	-		
				04.04.2014	(22,895)	Sale	3,95,837	1.95
				18.04.2014	(2,06,000)	Sale	1,89,837	0.94
				25.04.2014	(1,89,837)	Sale	Nil	Nil
<b>At the end of the year (or on the date of separation, if separated during the year) *</b>							<b>Nil</b>	<b>Nil</b>

SN	Trigeo Technologies Private 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 (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
4.	At the beginning of the Year	54,500	0.27		-	-		
				30.06.2014	(54,500)	Sale	Nil	Nil
<b>At the end of the year (or on the date of separation, if separated during the year) *</b>							<b>Nil</b>	<b>Nil</b>

SN	Sparrow Asia Diversified Opportunities 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 (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
5.	At the beginning of the Year	2,19,000	1.08		-	-		
				27.03.2015	(4,17,000)	Sale	17,73,000	0.87
<b>At the end of the year (or on the date of separation, if separated during the year) *</b>							<b>17,73,000</b>	<b>0.87</b>

SN	Harshil Kantilal Kothari	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
6.	At the beginning of the Year	1,10,000	0.54		-	-		
<b>At the end of the year (or on the date of separation, if separated during the year) *</b>							<b>11,00,000</b>	<b>0.54</b>

SN	Pranav Advisors LLP	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
7.	At the beginning of the Year	87,376	0.43	01.04.2014				
				04.04.2014	(3,072)	Sale	84,304	0.42
				18.04.2014	(1,881)	Sale	82,423	0.41
				25.04.2014	22,661	Purchase	1,05,084	0.52
				02.05.2014	(20,000)	Sale	85,084	0.42
				09.05.2014	(58,271)	Sale	26,813	0.13
				23.05.2014	(1,037)	Sale	25,776	0.13
				25.07.2014	(20,000)	Sale	5,776	0.03
				05.09.2014	34,612	Purchase	40,388	0.20
				12.09.2014	(33,907)	Sale	6,481	0.03
				19.09.2014	(6,481)	Sale	Nil	0.00
<b>At the end of the year (or on the date of separation, if separated during the year) *</b>							<b>Nil</b>	<b>Nil</b>

SN	Stock Holding Corporation of India LTD - A/C NSE D	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
8.	At the beginning of the Year	80,868	0.40					
				04.04.2014	9711	Purchase	90,579	0.45
				25.04.2014	(73,579)	Sale	17,000	0.08
				23.05.2014	500	Purchase	17,500	0.09
				30.05.2014	5000	Purchase	22,500	0.11
				06.06.2014	(1,400)	Sale	21,100	0.10
				13.06.2014	9,200	Purchase	30,300	0.15
				20.06.2014	(1,200)	Sale	29,100	0.14
				30.06.2014	(7,250)	Sale	21,850	0.11
				04.07.2014	3,000	Purchase	24,850	0.12
				11.07.2014	(4,750)	Sale	20,100	0.10
				18.07.2014	3,400	Purchase	23,500	0.12
				25.07.2014	(5,000)	Sale	18,500	0.09
				15.08.2014	12,500	Purchase	31,000	0.15
				29.08.2014	(3,400)	Sale	27,600	0.14
				10.10.2014	(12,500)	Sale	15,100	0.07
				31.10.2014	(15,100)	Sale	Nil	0.00
				05.12.2014	1,039	Purchase	1,039	0.01
				31.12.2014	(1,000)	Sale	39	0.00
				30.01.2015	(39)	Sale	Nil	0.00
				06.02.2015	8,200	Purchase	8,200	0.04
				27.02.2015	(8,200)	Sale	Nil	0.00
				06.03.2015	5,000	Purchase	5,000	0.02
<b>At the end of the year (or on the date of separation, if separated during the year) *</b>							<b>50,000</b>	<b>0.02</b>

SN	IL and FS Securities Services 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 (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
9.	At the beginning of the Year	13,000	0.06					
				11.04.2014	15,000	Purchase	28,000	0.14
				16.05.2014	9,500	Purchase	37,500	0.18
				06.06.2014	(2,000)	Sale	35,500	0.17
				04.07.2014	29,500	Purchase	65,000	0.32
				08.08.2014	(15,000)	Sale	50,000	0.25
				19.09.2014	(5,000)	Sale	45,000	0.22
				30.09.2014	(5,000)	Sale	40,000	0.20
				17.10.2014	21,500	Purchase	61,500	0.30
				07.11.2014	(2,000)	Sale	59,500	0.29
				21.11.2014	(3,000)	Sale	56,500	0.28
				28.11.2014	7,000	Purchase	63,500	0.31
				19.12.2014	(5,000)	Sale	58,500	0.29
				16.01.2015	8,000	Purchase	66,500	0.33
				20.02.2015	(2,000)	Sale	64,500	0.32
				27.02.2015	(3,000)	Sale	61,500	0.30
				13.03.2015	(3,000)	Sale	58,500	0.29
				20.03.2015	(2,000)	Sale	56,500	0.28
				27.03.2015	(15,000)	Sale	5,50,000	0.27
<b>At the end of the year (or on the date of separation, if separated during the year) *</b>							<b>5,50,000</b>	<b>0.27</b>



SN	Prouty India Fund 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 (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
10.	At the beginning of the Year	65,306	0.32					
<b>At the end of the year (or on the date of separation, if separated during the year) *</b>							<b>6,53,060</b>	<b>0.32</b>

SN	Jonathan Berlent	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
11.	At the beginning of the Year	70,000	0.35	01.04.2014				
				11.07.2014	(15,000)	Sale	55,000	0.27
				18.07.2014	(20,000)	Sale	35,000	0.17
				29.08.2014	(10,000)	Sale	25,000	0.12
				30.09.2014	(15,000)	Sale	10,000	0.05
							1,00,000	0.05
<b>At the end of the year (or on the date of separation, if separated during the year) *</b>							<b>1,00,000</b>	<b>0.05</b>

#### v) Shareholding of Directors and Key Managerial Personnel:

##### Executive Directors

SN	C. Krishna Prasad	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
1	At the beginning of the Year	74,73,538	36.85		No change during the year		No. of Shares	% of total shares of the Company
<b>At the end of the year *</b>							<b>7,47,35,380</b>	<b>36.59</b>

SN	C. Uma Devi	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
2	At the beginning of the Year	7,58,000	3.74		No change during the year		No. of Shares	% of total shares of the Company
<b>At the end of the year *</b>							<b>75,80,000</b>	<b>3.71</b>

SN	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 (01-04-14 to 31-03-15)	
3	At the beginning of the Year	2,60,966	1.29				No. of Shares	% of total shares of the Company
				05.05.2014	4,000	Purchase	2,64,966	1.30
				20.06.2014	2,800	Purchase	2,67,766	1.32
<b>At the end of the year *</b>							<b>26,77,660</b>	<b>1.31</b>

**Non-Executive Directors**

SN	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 (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
1	At the beginning of the Year	24,506	0.12					
				06.06.2014	(15,000)	Sale	9,506	0.05
				18.06.2014	16,000	Allotment under ESOP	25,506	0.13
				15.08.2014	(9,506)	Sale	16,000	0.08
<b>At the end of the year *</b>							<b>1,60,000</b>	<b>0.08</b>

SN	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 (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
2	At the beginning of the Year	29,000	0.14					
				19.11.2014	16,000	Allotment under ESOP	45,000	0.22
<b>At the end of the year *</b>							<b>4,50,000</b>	<b>0.22</b>

SN	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 (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
3	At the beginning of the Year	Nil	Nil					
				01.09.2014	40,000	Allotment under ESOP	40,000	0.20
<b>At the end of the year *</b>							<b>4,00,000</b>	<b>0.20</b>

SN	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 (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
4	At the beginning of the Year	1,000	0.00					
				10.04.2014	24,000	Allotment under ESOP	25,000	0.12
<b>At the end of the year *</b>							<b>2,50,000</b>	<b>0.12</b>

SN	Dr. Krishna M 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 (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
5	At the beginning of the Year	24,000	0.12					
				02.06.2014	16,000	Allotment under ESOP	40,000	0.19
<b>At the end of the year *</b>							<b>4,00,000</b>	<b>0.20</b>

SN	K. B. Sanakar 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 (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
6	At the beginning of the Year	3,71,695	1.61					
				19.09.2014	(5,000)	Sale	3,66,695	1.57
<b>At the end of the year *</b>							<b>36,66,950</b>	<b>1.57</b>

**Key Managerial Personnel**

SN	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 (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
1	At the beginning of the Year	5,000	0.02					
				14.08.2014	5000	Allotment under ESOP	10,000	0.04
<b>At the end of the year *</b>							<b>1,00,000</b>	<b>0.04</b>

SN	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 (01-04-14 to 31-03-15)	
							No. of Shares	% of total shares of the Company
2	At the beginning of the Year	Nil	Nil					
<b>At the end of the year *</b>							<b>Nil</b>	<b>Nil</b>

Note: “\*” During the year under review each equity share of the Company of face value ₹ 10/- has been sub-divided into 10 equity shares of ₹ 1/- each w.e.f. 24th March 2015

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	(₹ In lakhs) Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	32,305.90	678.03	-	32,983.93
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	60.21	-	-	60.21
<b>Total (i+ii+iii)</b>	<b>32,366.11</b>	<b>678.03</b>	<b>-</b>	<b>33,044.14</b>
<b>Change in Indebtedness during the financial year</b>				
Addition (including forex fluctuation)	11,586.29	-	-	11,586.29
Additions due to amalgamation of M/s. Auctus Pharma Ltd.	1,570.00	485.50	-	2,055.50
Reduction	(4378.52)	(897.31)	-	(5,275.83)
<b>Net Change</b>	<b>8,777.77</b>	<b>(411.81)</b>	<b>-</b>	<b>8,365.96</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	41,091.73	266.22	-	41,357.95
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	52.15	-	-	52.15
<b>Total (i+ii+iii)</b>	<b>41,143.88</b>	<b>266.22</b>	<b>-</b>	<b>41,410.10</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN.	Particulars of Remuneration	Name of MD/WTM/ Manager			(₹ In lakhs) Total Amount
		C. Krishna Prasad (Chairman & Managing Director)	C. Uma Devi (Executive Director)	Harsha Chigurupati (Executive Director)	
1	Gross salary				
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	130	22.82	59.28	212.1
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	25.08	-	-	
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission	582.52	567.27	88.24	1238.03
	- as % of profit				
	- others, specify...				
	Others, please specify				
	<b>Total (A)</b>	<b>737.60</b>	<b>590.08</b>	<b>147.52</b>	<b>1475.2</b>
	Ceiling as per the Act (being 10% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013).				<b>1475.2</b>

**B. Remuneration to other directors**

SN.	Particulars of Remuneration	Name of Directors					(₹ In lakhs)
		L. S. Sarma	A. P. Kurian	C. Parthasarathy	A. Arun Rao	Krishna Murthy Ella	Total Amount
1	Independent Directors						
	Fee for attending Board and committee meetings	4.50	2.10	2.15	4.30	0.75	13.80
	Commission						
2	Others, please specify						
	<b>Total (1)</b>	<b>4.50</b>	<b>2.10</b>	<b>2.15</b>	<b>4.30</b>	<b>0.75</b>	<b>13.80</b>
	Other Non-Executive Directors	Dr. C. Nageswara Rao	K.B. Sanakar Rao				
	Fee for attending Board and committee meetings	0.22	2.63				2.85
	Others, please specify						
	<b>Total (2)</b>	<b>0.22</b>	<b>2.63</b>				<b>2.85</b>
	<b>Total (B)=(1+2)</b>						<b>16.65</b>
	Total Managerial Remuneration*						<b>1,491.85</b>
	Overall Ceiling as per the Act is ₹ 147.52 lakhs being 1% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013.						

\* 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**

SN.	Particulars of Remuneration	Key Managerial Personnel			(₹ In lakhs)
		CEO	VVS Murthy (CFO)	Chaitanya Tummala (CS)	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA	96.07	16.01	112.08
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option		22.45		22.45
3	Sweat Equity				
4	Commission				
	- as % of profit				
	Others, specify...				
	Others, please specify				
	<b>Total</b>	<b>NA</b>	<b>118.52</b>	<b>16.01</b>	<b>134.53</b>

**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)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

**NIL**

# CORPORATE GOVERNANCE REPORT

In accordance with Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE), 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) 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 are at the core of corporate governance and oversee 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 seven 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 two Executive Directors and a core group of senior level executives.

### Board Leadership

A majority of the Board, 5 out of 9, 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 sustainably 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 roadmap for the Company's future growth.

### Ethics/Governance Policies

At Granules, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards and ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Granules has adopted various codes and policies to carry out our duties in an ethical manner. Some of the codes and policies are:

- ➔ Code of Conduct for Board and Senior Management
- ➔ 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





## 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. C. Krishna Prasad 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, Executive
8	Mrs. Uma Devi Chigurupati DIN – 00737689	Non-Independent, Executive
9	Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive

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

During the FY 2014-15, the Company had the Managing Director as Chairman who belongs to the promoters group and the number of Independent Directors during the year were 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 Chairman of more than 5 (five) Committees as specified in Clause 49 of the Listing Agreement, across all the Companies in which he / she is a Director. The Directors made necessary disclosures regarding Committee positions in other public limited companies as on March 31, 2015.

### 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 Agreement with the Stock Exchanges.

#### 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 30th March 2015 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 year 2014-2015	
	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
Mr. Krishna Murthy Ella	01	01

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

- ➔ Formulation of criteria for evaluation and manner of evaluation of the Board.
- ➔ 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 seven Committees, namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Transfer and Stakeholders Relationship Committee, Business Review Committee, QIP 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 usually held at the Company's office 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 shareholders' 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 Clause 49 of the listing agreement. 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

Seven (7) Board meetings were held during the year, as against the minimum requirement of four meetings. The dates of Board meeting

are 24th April 2014, 24th July 2014, 20th October 2014, 30th October 2014, 28th January 2015, 7th March 2015 and 30th March 2015.

#### 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 2014 – March 2015 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 year April 2014 – March 2015		Whether attended last AGM	Number of Directorships in other public companies (1)	No. of Membership(s) / Chairmanship(s) of Board Committees in other Companies as on 31-03-2015 (2)
		Held	Attended			
Dr. C. Nageswara Rao* Chairman DIN- 00179947	Non-Independent, Non-Executive	7	1	No	NIL	NIL
Mr. C. Krishna Prasad Chairman & Managing Director DIN – 00020180	Non-Independent, Executive	7	7	Yes	NIL	NIL
Mr. L. S. Sarma DIN – 00009530	Independent, Non-Executive	7	7	Yes	NIL	NIL
Mr. A. P. Kurian DIN – 00008022	Independent, Non-Executive	7	6	No	3	2 (including 1 as Chairman)
Mr. C. Parthasarathy DIN - 00079232	Independent, Non-Executive	7	5	Yes	9	3 (including 2 as Chairman)
Dr. Krishna Murthy Ella DIN – 00072071	Independent, Non-Executive	7	4	No	2	1 (as Chairman)
Mr. A. Arun Rao DIN – 00876993	Independent, Non-Executive	7	7	Yes	Nil	Nil
Mr. Harsha Chigurupati Executive Director DIN – 01606477	Non-Independent, Executive	7	2	No	Nil	Nil
Mrs. Uma Devi Chigurupati DIN – 00737689	Non-Independent, Executive	7	7	Yes	Nil	Nil
Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive	7	7	Yes	Nil	Nil

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

(2) In accordance with Clause 49 of the Listing Agreement, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies (excluding Granules India Limited) have been considered.

\* Ceased to be a Director due to his demise on May 15, 2014. 1 (one) meeting was held during his tenure.

**Non-Executive Directors interest:**

None of the Non-Executive Directors has any pecuniary or material relationship or transaction with the Company. However the following is the shareholding of Non-Executive Directors as on March 31, 2015:

Sr. No.	Name of Non-Executive Director	No. of shares held	Percentage of paid-up capital
1.	Mr. L.S. Sarma	160,000	0.08
2.	Mr. A.P. Kurian	450,000	0.22
3.	Mr. A. Arun Rao	250,000	0.12
4.	Dr. Krishna Murthy Ella	400,000	0.20
5.	Mr. C. Parthasarathy	400,000	0.20
6.	Mr. Kolli Basava Sankar Rao (holding along with his relatives)	5,198,020	2.54

**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.

Mr. Kolli Basava Sankar Rao is a post graduate from Andhra University and has rich experience of about 33 years in various domains. Mr. 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. Rao is also Managing Director of Raje Retail Pvt. Ltd, a pharmacy retail chain under the brand name- "My Health Pharmacy" in Hyderabad.

**Re-appointment of Mr. Harsha Chigurupati as an Executive Director**

Mr. Harsha Chigurupati was appointed as an Executive Director of the Company with effect from 1st August, 2010 by the Shareholders at the 19th Annual General Meeting of the Company held on 27th September 2010. The current term of office of Mr. Harsha Chigurupati as an Executive Director of the Company expires on 31st July 2015. In view of his consistent efforts which have contributed to the growth of the organization and the sincere service rendered for the better performance of the organization during his tenure as an Executive Director, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Mr. Harsha Chigurupati as an Executive Director of the Company for a further period of 5 (five) years effective from 1st August 2015.

The information required to be forwarded to the shareholders of the Company pursuant to Clause 49 of the Listing

Agreement pertaining to brief resume, expertise in functional areas, 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 Committee 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 four 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 Clause 49 of the listing agreement and Companies Act, 2013. The terms of reference of the Audit Committee are broadly as under:

- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of statutory auditors, internal auditors and cost auditors, fixation of their audit fee and approval for payment for any other services.
- Reviewing financial statements and draft audit report, including quarterly / half-yearly financial information.
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
  - ➔ The changes in accounting policies and practices.
  - ➔ Major accounting entries based on 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. Any other function as delegated by the Board from time to time.

During the year April 2014 – March 2015, 5 (Five) Audit Committee meetings were held. The dates on which the said meetings were held are: 23rd April 2014, 23rd July 2014, 20th October 2014, 29th October 2014, and 27th January 2015. The Audit Committee at its meeting held on 23rd April 2014 had considered the audited annual accounts for the FY 2013-14.

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 year 2014–2015	
		Held	Attended
Mr. L. S. Sarma, Chairman	Independent, Non-Executive	05	05
Mr. A. P. Kurian	Independent, Non-Executive	05	05
Mr. A. Arun Rao	Independent, Non-Executive	05	05
Mr. C. Krishna Prasad	Non-Independent, Executive	05	05

The Audit Committee meetings were also attended by the partner / representatives of Statutory Auditors, Internal Auditors and Cost Auditors. Mr. L.S. Sarma, Chairman of the Audit Committee, was present at the last Annual General Meeting of the Company held on August 28, 2014. 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 2014-15 comprises of three Independent Non-Executive Directors and one Executive Director. Mr. L.S. Sarma, Independent Director, was the Chairman of the Committee.

4 (Four) meetings of the Nomination & Remuneration Committee were held during the year 2014 – 2015. The dates on which the said meetings were held are: 28th April 2014, 24th July 2014, 27th January 2015 and 30th March 2015. 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 year 2014–2015	
		Held	Attended
Mr. L. S. Sarma, Chairman	Independent, Non-Executive	4	4
Mr. A. P. Kurian	Independent, Non-Executive	4	3
Dr. Krishna Murthy Ella	Independent, Non-Executive	4	1
Mr. C. Krishna Prasad	Non-Independent, Executive	4	4



The Committee was reconstituted with the below members on 27th April 2015

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

#### Share Transfer and Stakeholders Relationship Committee

Share Transfer and Shareholders' / Investors' Grievance Committee was renamed as Share Transfer and Stakeholders Relationship Committee as per the requirements of

Companies Act, 2013 and Clause 49 of the Listing Agreement entered with Stock Exchanges. The role and responsibilities of the Committee are the same as earlier. The Committee was constituted to specifically look into the matters of investors' grievances such as transfer, transmission, split and consolidation of investors' 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.

18 (eighteen) meetings of the Committee were held during the year April 2014-March 2015. During the said period, 222 (two hundred and twenty two) 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 2014 – March 2015 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the year 2014–2015	
		Held	Attended
Dr. C. Nageswara Rao*	Non-Independent, Non-Executive	18	3
Mr. A. Arun Rao, Chairman	Independent, Non-Executive	18	16
Mrs. C. Uma Devi	Non-Independent, Executive	18	10
Mr. C. Krishna Prasad	Non-Independent, Executive	18	18

\*Dr. C. Nageswara Rao, Chairman of the Company passed away on 15th May, 2014 and the Committee was reconstituted with the below members on 24th July 2014:

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

10 meetings were held after the reconstitution of the Committee.

#### 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. 12 (twelve) meetings of the Committee were held during the year April 2014 - March 2015 on 23rd April 2014, 8th May 2014, 12th June 2014, 23rd July 2014, 14th August 2014, 11th September 2014, 29th October 2014, 18th November 2014, 11th December 2014, 27th January 2015, 12th February 2015 and 7th March 2015. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the year 2014–2015	
		Held	Attended
Mr. C. Parthasarathy, Chairman	Independent, Non-Executive	12	8
Mr. L. S. Sarma	Independent, Non-Executive	12	12
Mr. C. Krishna Prasad	Non-Independent, Executive	12	12
Mr. A. Arun Rao	Independent, Non-Executive	12	12
Mr. Kolli Basava Sankar Rao	Non-Independent, Non-Executive	12	9

### 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 year 2014–2015	
		Held	Attended
Mrs. C. Uma Devi	Non-Independent, Executive	2	2
Mr. C. Krishna Prasad	Non-Independent, Executive	2	2
Mr. A. Arun Rao	Independent, Non-Executive	2	2

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](http://www.granulesindia.com).

### Risk Management Committee

The Risk Management Committee (RM Committee) was constituted by the Board on October 30, 2014 adhering to the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Committee's prime responsibility is to implement and monitor the risk management plan and policy of the Company. The Committee's constitution meets with the requirements of Clause 49 of the Listing Agreement.

The Committee has not met during the year under review and composition of the Committee is given below:

Name	Category
Mrs. C. Uma Devi	Non-Independent, Executive Director
Mr. K.B. Sankar Rao	Non-Executive, Non-Independent Director
Mr. C. Krishna Prasad	Non-Independent, Executive Director
Mr. B. Madhusudan Rao	Chief Operating Officer

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
- ➔ Overseeing implementation 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

### Qualified Institutional Placement (QIP) Committee

The QIP Committee was constituted by the Board on January 28, 2015 in order to effectively pursue the issue of equity shares through Qualified Institutions Placement.

The composition of the Committee is given below:

Name	Category
Mr. C. Krishna Prasad	Non-Independent, Executive Director
Mr. K.B. Sankar Rao	Non-Executive, Non-Independent Director
Mr. A. Arun Rao	Independent Director

The Committee has not met during the year under review. The Company Secretary shall act as the Secretary of the Committee.

### 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 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 2014-15:

Name	Salary	Perquisites	Commission	(₹ in Lakhs)
				Total
Mr. C. Krishna Prasad Chairman & Managing Director	130.00	25.08	582.52	737.60
Mr. Harsha Chigurupati Executive Director	59.28	-	88.24	147.52
Mrs. Uma Devi Chigurupati Executive Director	22.82	-	567.26	590.08

Sitting fee paid to Non-Executive Directors:

Name	Sitting fee (₹)
Dr. C. Nageswara Rao*	22,500
Mr. L. S. Sarma	450,000
Mr. A. P. Kurian	210,000
Dr. Krishna Murthy Ella	75,000
Mr. C. Parthasarathy	215,000
Mr. Arun Rao Akinapally	430,000
Mr. Kolli Basava Sankar Rao	262,500

\*Dr. C. Nageswara Rao ceased to be Director of the Company due to his demise on 15th May, 2014.

## 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
23rd	2014	Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad	28/08/2014	4.00 PM	10
22nd	2013	Cyan Hall, Hotel Marigold, Ameerpet, Hyderabad	19/08/2013	4.00 PM	2
21st	2012	Cyan Hall, Hotel Marigold, Ameerpet, Hyderabad	02/07/2012	4.00 PM	3

### Extraordinary General Meeting:

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	27/02/2015	4.00 PM	4
2013	Hotel Aditya Sarovar Premiere, Hitec City, Gachibowli, Hyderabad	06/12/2013	4.00 PM	3

### POSTAL BALLOT

For the year ended March 31, 2015 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, 2015, 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 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](http://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 Clause 49 III of the listing agreement does not arise. However, the Company has two foreign subsidiaries namely, Granules USA Inc. and Granules Pharmaceuticals Inc. Auctus Pharma Limited, a wholly owned subsidiary of the Company has been amalgamated with the Company during the year consequent to the order of Hon'ble High Court of Judicature at Hyderabad for the state of Telangana and the state of Andhra Pradesh approving the scheme of amalgamation.

#### 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, 2015. A declaration to this effect signed by Mr. C. Krishna Prasad, 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 Clause 49 of the Listing Agreement 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 27th April 2015.

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

During the year ended March 31, 2015, there were no proceeds from public issues, right issues and preferential issues etc.

**x) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause**

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. Reporting of Internal Auditors to the Audit Committee have been adopted from non-mandatory 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.

**xii) Policy on Material Subsidiaries**

In terms of Clause 49 of the Listing Agreement, the Board of Directors have adopted a policy with regard to determination of Material Subsidiaries. The policy is placed on the website of the Company [www.granulesindia.com](http://www.granulesindia.com).

**xiii) Related Party Transactions Policy**

In terms of Clause 49 of the Listing Agreement, the Board of Directors have adopted a policy to determine Related Party Transactions. The policy is placed on the website of the Company [www.granulesindia.com](http://www.granulesindia.com).

**xiv) Prevention of Insider Trading**

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has instituted a code of conduct for prohibition of Insider Trading in the Company's Shares. In line with the SEBI(Insider Trading) Regulations, 2015, Company has formulated the code of conduct for prohibition of Insider Trading and it is effective from 15th May 2015.

**MEANS OF COMMUNICATION**

**Quarterly results:** The Company's quarterly results are published in 'Business Standard' and 'Nava Telangana (formerly known as Prajashakti)', and are displayed on website [www.granulesindia.com](http://www.granulesindia.com).

**News releases, presentations, among others:** Official news releases and official media releases are sent to Stock Exchanges.

**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 transcripts of the earnings call are also uploaded on the Company's website [www.granulesindia.com](http://www.granulesindia.com).

**Website:** The Company's website [www.granulesindia.com](http://www.granulesindia.com) contains a separate dedicated section 'Investor Relations' where shareholders' 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, Directors' Report, Auditors' Report, Corporate Governance Report and other important information is circulated to members and others entitled thereto.

**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.

### Annual General Meeting

Thursday, 13th August 2015 at 4.00 P.M. at Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 (TS), India.

### Financial year

April 1 to March 31

### Date of Book Closure

7th August 2015 to 13th August 2015(both days inclusive)

### Dividend Payment

The final dividend, if declared, shall be paid /credited on or before 12th September 2015.

## 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 year 2015-16 has been paid by the Company to BSE and NSE.

### Payment of Depository Fees

Annual Custody fee for the year 2015-16 will be paid by the Company to NSDL and CDSL on receipt of the invoices.

### Tentative calendar for financial year ending 31st March 2016:

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2016 are as follows:

Results	Tentative Dates
First quarter results	23rd July 2015
Second quarter and half yearly results	29th October 2015
Third quarter results	28th January 2016
Fourth quarter and annual results	28th April 2016

## 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:

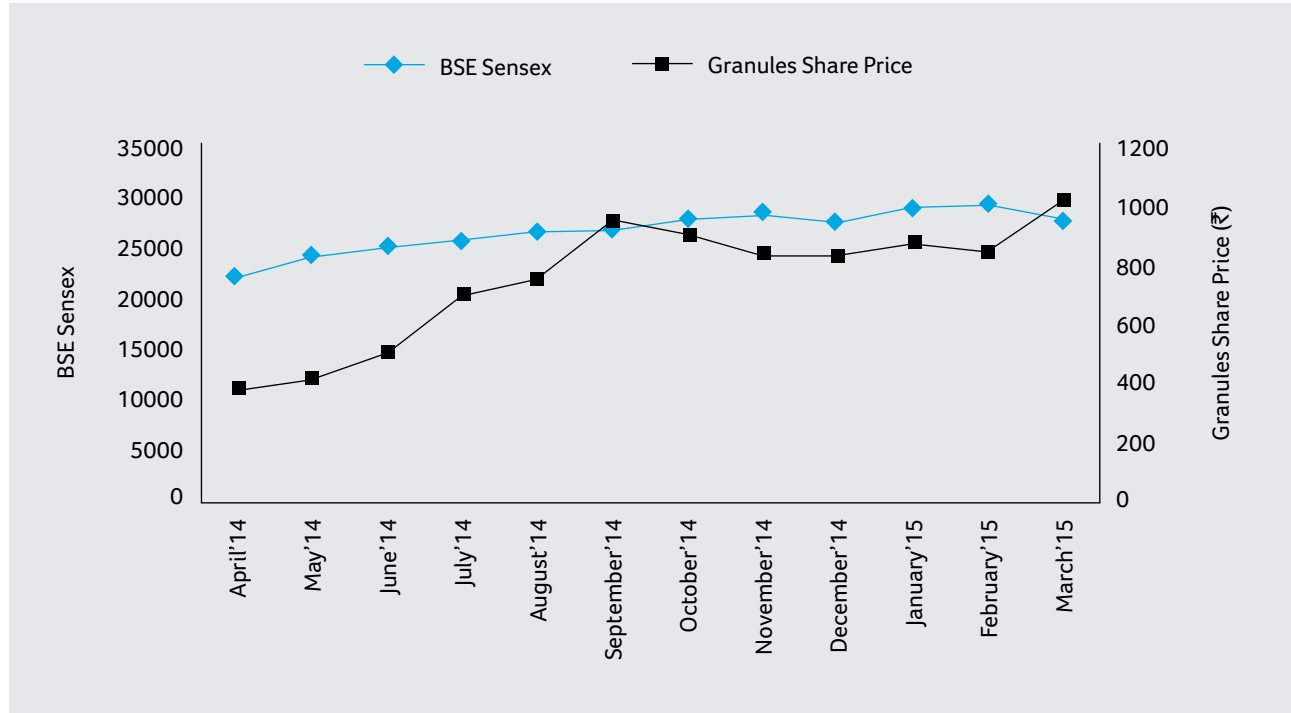
Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High	Low	Volume	High	Low	Volume
Apr-14	383	256.3	2,191,286	383.5	256	1,645,340
May-14	413.6	338.6	1,844,591	413.5	339	1,862,720
Jun-14	497.95	369.95	967,685	497	368.2	307,609
Jul-14	705	481	2,037,986	700	481.25	891,841
Aug-14	759.75	622	913,126	760	620.2	706,627
Sep-14	940.55	721.15	1,238,203	917.7	718.95	1,102,687
Oct-14	904.6	741.9	684,565	905	742	574,676
Nov-14	836.6	744.75	676,819	836	741.2	584,970
Dec-14	835	708.2	641,114	834.2	707.2	651,703
Jan-15	873.2	774.65	636,894	874	775.1	512,865
Feb-15	845	753.2	249,638	844.7	752.8	91,429
Mar-15	1,017.10	762.1	1,053,114	1,016.65	763	1,788,185



### Performance of Share Price

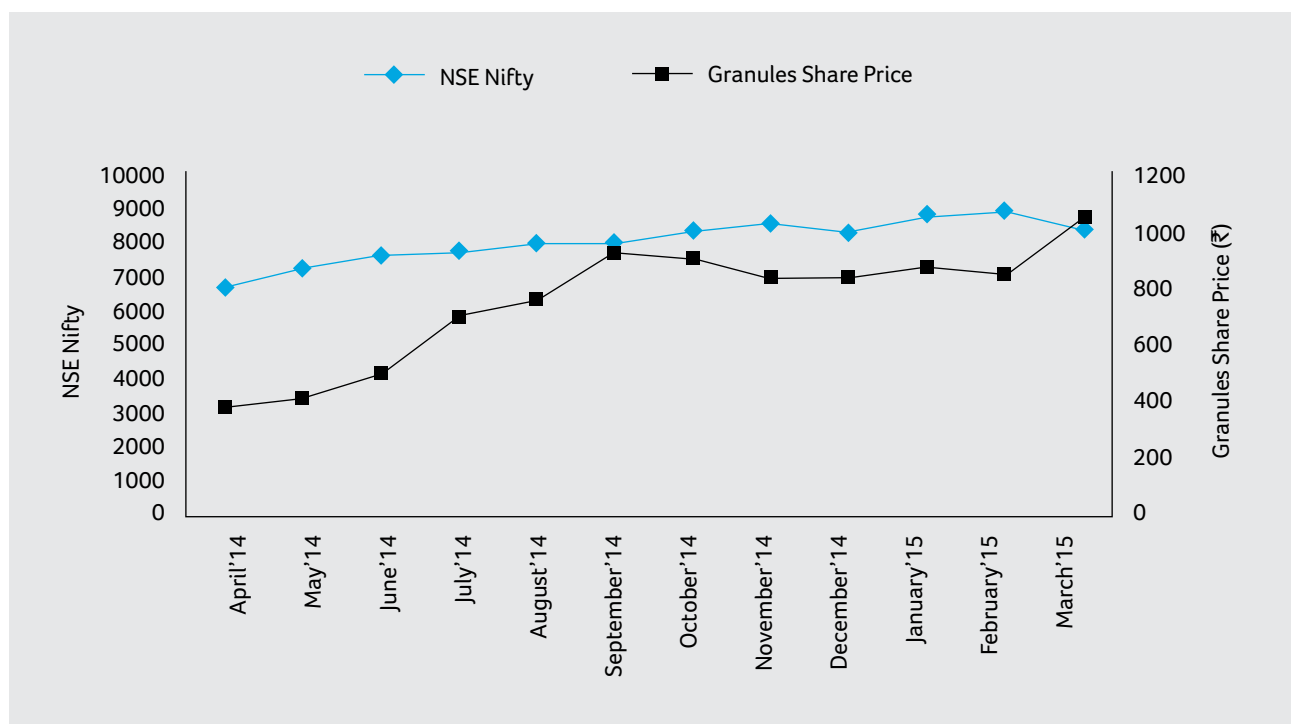
The graphical presentation on the performance of share price of the Company in comparison to the BSE Sensex is provided herein under:

### GRANULES SHARE PRICE AND SENSEX MOVEMENT



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

### GRANULES SHARE PRICE AND NIFTY MOVEMENT



### 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 Share 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.

### Shareholding

#### a) Shareholding pattern by size as on March 31, 2015

Category (Shares)	Holders	Shares	% of Total Shares
1 – 5,000	22,254	17,668,807	8.65
5,001 – 10,000	821	6,345,789	3.11
10,001 – 20,000	404	5,969,637	2.92
20,001 – 30,000	119	3,046,204	1.49
30,001 – 40,000	64	2,292,322	1.12
40,001 – 50,000	44	2,075,234	1.02
50,001 – 1,00,000	80	5,932,767	2.90
1,00,001 and above	110	160,920,780	78.79
<b>Total</b>	<b>23,896</b>	<b>204,251,540</b>	<b>100</b>

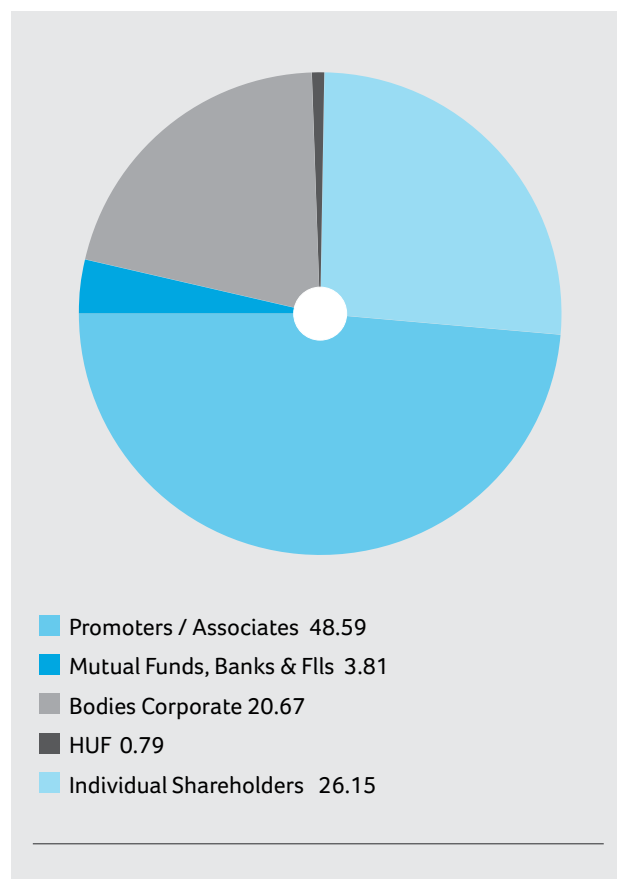
#### b) Shareholding pattern category wise as on March 31, 2015

Category	Number of Shares held	Percent to capital
Promoters/Associates	99,247,200	48.59
Mutual Funds, Banks & FIs	7,787,302	3.81
Bodies Corporate	42,209,621	20.67
HUF	1,604,293	0.79
Individual Shareholders	53,403,124	26.15
<b>Total</b>	<b>204,251,540</b>	<b>100</b>

The graphical presentation of the shareholding pattern of the Company as on March 31, 2015 is herein under provided:

### NUMBER OF SHARES HELD

(%)



### Dematerialisation 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 99.45% of the Company's share capital were dematerialised as on March 31, 2015.

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

There are no outstanding GDRs as on March 31, 2015. GDRs were delisted with Luxembourg Stock Exchange since there are no outstanding GDR following the conversion into equity shares.

### Employee Stock Options

The information on Options granted by the Company during the FY 2014-15 and other particulars with regard to Employees' Stock Options are set out in the Directors' Report.

**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 Corporate Governance:**

As part of the Green Initiative process, the Company has taken an initiative of sending documents like notice calling Annual General Meeting, Corporate Governance Report, Directors Report, Audited Financial Statements, Auditors Report, dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the Company 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

Sd/-

**C. Krishna Prasad**

Hyderabad  
June 20, 2015

Chairman and Managing Director  
DIN: 00020180

## PROFILE OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

Name of Director	Mr. Harsha Chigurupati	Mr. Kolli Basava Sankar Rao
Date of Birth	05.09.1983	10.01.1954
Date of Appointment	26.07.2010	19.02.2013
Relationship with other Directors	Son of Mr.C.Krishna Prasad, Chairman and Managing Director	-
Expertise in specific functional area	Wide experience in medical and pharmaceutical field.	Wide experience in medical and pharmaceutical field.
Qualification	B.BA	M. Pharm
Board membership of other Indian Companies	1. GIL Lifesciences Pvt. Ltd. 2. Chigurupati Technologies Pvt. Ltd 3. Tyche Technologies Pvt. Ltd	Raje Retail Private Limited
Chairman/member of the committee of the Board of Directors of the Company	Nil	Business Review Committee – Member QIP Committee –Member Remuneration Committee –Member w.e.f.27.04.2015
Chairman / member of the committees in other companies in which he is a Director	Nil	NIL
Number of shares held in the company	26,77,660 equity shares of ₹ 1/- each	36, 66, 950 equity shares of ₹ 1/- each

Mr. C. Krishna Prasad, Mrs. C. Uma Devi 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 relationships 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 Clause 49 of the Listing Agreement with the Stock Exchanges, 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, 2015

Hyderabad  
April 1, 2015

Sd/-  
**C. Krishna Prasad**  
Chairman and Managing Director  
DIN: 00020180

# CERTIFICATION ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015 PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

We hereby certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2015 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.

Sd/-  
**VVS Murthy**  
 Chief Financial Officer

Sd/-  
**C. Krishna Prasad**  
 Chairman and 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, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 Agreement.

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  
Firm Regn No.:001584S

Sd/-  
**J. Bhadra Kumar**  
Partner  
Membership No.25480

Place: Hyderabad  
Date: June 20, 2015

# INDEPENDENT AUDITORS' REPORT

## ON FINANCIAL STATEMENTS

To  
The Members of  
**GRANULES INDIA LIMITED**

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Granules India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. 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 financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the 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 of the state of affairs of the Company as at March 31, 2015, its Profit, and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's report) Order, 2015 ("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 statement on the matters specified in paragraphs 3 and 4 of the Order.
8. 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, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act.
- (f) 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 reported correctly in its financial statements regarding pending litigations.
  - 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 amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for **Kumar & Giri**  
Chartered Accountants  
Firm Registration No. 001584S

Place: Hyderabad  
Date: April 27, 2015

Sd/-  
**J. Bhadra Kumar**  
Partner  
Membership No. 25480

## ANNEXURE

REFERRED TO IN PARAGRAPH 7 OF OUR REPORT OF EVEN DATE:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the period and no material discrepancies were identified on such verification.
- (ii) (a) The stocks of raw materials, consumables, stores, work-in-progress and finished goods have been physically verified during the year at regular intervals by the management.
- (b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. In respect of finished goods lying with the consignees, the certificate given by the management is relied upon.
- (c) The company is maintaining the proper records for recording the inventory and the discrepancies noticed on verification of stocks as compared to books were not material and it has been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) to (b) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not

observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has prescribed maintenance of cost records under the provisions of Section 148(1) of the Companies Act, 2013 in respect of manufacture activities of the company. 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, Employees State Insurance, Income tax, Customs Duty, Wealth Tax, Sales Tax, 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 31.03.2015 for period exceeding 6 months from the date they became payable.

(b) Reference is invited to Note No.2.41 regarding pending litigations with various authorities in respect of Income-tax, Customs duty, Wealth tax, Sales tax, Service tax, Excise duty, Cess.

(c) According to the information and explanations given to us, the company has transferred amounts required to be transferred as per the provisions of Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act and rules made thereunder.

(viii) The company has been in existence for a period of more than Five years and it has not incurred any cash losses in the financial year and in the immediately preceding financial year and the company does not have any accumulated losses.

(ix) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.

(x) The company has extended corporate guarantee to Financial Institutions for the Term Loans taken by one its Joint Venture company M/s. Granules Omnichem Private Limited and basing on the information and explanation furnished before us the terms and conditions of such loans are not prejudicial to the interest of the company.

(xi) Based on the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.

(xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

for **Kumar & Giri**  
Chartered Accountants  
Firm Registration No. 001584S

Sd/-  
**J. Bhadra Kumar**

Partner  
Membership No. 25480

Place: Hyderabad  
Date: April 27, 2015

# BALANCE SHEET

Particulars	Note No.	(₹ in Lakhs)	
		As at 31st March 2015	As at 31st March 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2.1	2,042.52	2,028.12
(b) Reserves & Surplus	2.2	40,498.41	32,403.15
		<b>42,540.93</b>	<b>34,431.27</b>
<b>(2) Share Application Money Pending Allotment</b>		-	25.48
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	2.3	24,469.73	22,209.18
(b) Deferred tax liabilities (Net)	2.4	5,328.10	3,580.81
(c) Long-term provisions	2.5	512.74	369.90
		<b>30,310.57</b>	<b>26,159.89</b>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	2.6	11,486.95	7,748.62
(b) Trade payables	2.7	18,384.35	12,624.80
(c) Other current liabilities	2.8	6,163.26	3,760.49
(d) Short-term provisions	2.9	1,229.16	830.48
		<b>37,263.72</b>	<b>24,964.39</b>
<b>Total</b>		<b>110,115.22</b>	<b>85,581.03</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets			
(i) Tangible assets	2.10	43,527.54	32,642.86
(ii) Intangible assets	2.11	8,689.28	924.43
(iii) Capital work-in-progress		1,849.97	3,914.21
		<b>54,066.79</b>	<b>37,481.50</b>
(b) Non-current investments	2.12	7,247.19	14,544.60
(c) Long-term loans and advances	2.13	1,869.66	314.66
(d) Other non-current assets	2.14	183.60	255.58
		<b>63,367.24</b>	<b>52,596.34</b>
<b>(2) Current assets</b>			
(a) Inventories	2.15	17,939.62	12,028.73
(b) Trade receivables	2.16	18,980.94	12,181.97
(c) Cash and cash equivalents	2.17	5,223.09	2,192.58
(d) Short term loans and advances	2.18	386.45	314.34
(e) Other current assets	2.19	4,217.88	6,267.07
		<b>46,747.98</b>	<b>32,984.69</b>
<b>Total</b>		<b>110,115.22</b>	<b>85,581.03</b>
<b>Significant accounting policies</b>	1		
The accompanying notes are an integral part of financial statements			

As per our report of even date  
for **Kumar & Giri**  
Chartered Accountants  
Firm Regn No. 001584S

Sd/-  
**J. Bhadra Kumar**  
Partner  
Membership No. 25480

Place: Hyderabad  
Date: April 27, 2015

For and on behalf of the Board

Sd/-  
**C. Krishna Prasad**  
Chairman & Managing Director  
DIN: 00020180

Sd/-  
**V.V.S. Murthy**  
Chief Financial Officer

Sd/-  
**Chaitanya Tummala**  
Company Secretary

# STATEMENT OF PROFIT AND LOSS

		(₹ in Lakhs)	
Particulars	Note No.	Year ended 31st March 2015	Year ended 31st March 2014
I. Revenue from operations	2.20	121,331.13	100,167.99
II. Other income	2.21	296.32	364.75
<b>III. Total Revenue (I + II)</b>		<b>121,627.45</b>	<b>100,532.74</b>
<b>IV. EXPENSES :</b>			
Cost of Materials consumed	2.22	71,777.12	58,735.64
Changes in inventories of finished goods and work-in-progress	2.23	(1,056.18)	(237.62)
Employee benefits expense	2.24	8,923.21	6,722.91
Other expenses	2.25	20,708.55	18,646.24
<b>Total</b>		<b>100,352.70</b>	<b>83,867.17</b>
<b>EBITDA</b>		<b>21,274.75</b>	<b>16,665.57</b>
Finance costs	2.26	3,092.94	1,892.70
Depreciation & Amortisation expenses	2.10/2.11	4,955.87	2,639.79
<b>Total Expenses</b>		<b>108,401.51</b>	<b>88,399.66</b>
<b>V. Profit before tax (III-IV)</b>		<b>13,225.94</b>	<b>12,133.08</b>
<b>VI. Tax expense :</b>			
(1) Current tax		2,871.52	2,960.99
(2) Deferred tax		831.78	1,070.95
		<b>3,703.30</b>	<b>4,031.94</b>
<b>VII. Profit/ (Loss) for the period (V-VI)</b>		<b>9,522.64</b>	<b>8,101.14</b>
<b>VIII. Earnings per equity share :</b>	2.39		
(1) Basic		4.67	4.01
(2) Diluted		4.62	3.93
<b>Significant accounting policies</b>	1		
The accompanying notes are an integral part of financial statements			

As per our report of even date

for **Kumar & Giri**

Chartered Accountants

Firm Regn No. 001584S

Sd/-

**J. Bhadra Kumar**

Partner

Membership No. 25480

Place: Hyderabad

Date: April 27, 2015

For and on behalf of the Board

Sd/-

**C. Krishna Prasad**

Chairman &amp; Managing Director

DIN: 00020180

Sd/-

**V.V.S. Murthy**

Chief Financial Officer

Sd/-

**Chaitanya Tummala**

Company Secretary

Corporate Section

Strategic Section

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# CASH FLOW STATEMENT

Particulars	(₹ in Lakhs)	
	For the year ended 31st March 2015	For the year ended 31st March 2014
<b>A Cash Flow from Operating Activities</b>		
Net Profit before tax	13,225.94	12,133.08
Adjustments for:		
Depreciation & Amortisation expense	4,955.87	2,639.79
Misc. Expenditure written off	119.65	118.35
(Profit) / Loss on sale of assets	50.95	19.79
(Profit) / Loss on sale/write off of investments	-	5.01
Bad debts written off	10.58	-
Interest & dividend income	(138.68)	(140.84)
Interest & finance charges	3,092.94	1,892.70
<b>Operating profit before working capital changes</b>	<b>21,317.25</b>	<b>16,667.88</b>
(Increase)/decrease in Trade and other receivables	(5,083.22)	(8,621.44)
(Increase)/decrease in inventories	(3,758.49)	(1,179.66)
Increase/(decrease) in Payable & Other liabilities	3,944.09	4,794.79
<b>Cash generated from operations</b>	<b>16,419.63</b>	<b>11,661.57</b>
Direct Taxes paid	3,124.37	2,258.62
<b>Net Cash from operating activities</b>	<b>13,295.26</b>	<b>9,402.95</b>
<b>B Cash flow from Investing Activities</b>		
Purchase of fixed assets	(10,249.13)	(6,516.75)
Increase in Miscellaneous expenditure	(40.41)	(14.33)
Investments in Subsidiary companies	(2,928.11)	(10,420.00)
Investments in Others	-	945.92
Proceeds from Sale of Fixed Assets	25.48	19.37
Interest/dividends received	164.06	133.23
<b>Net Cash used in investing activities</b>	<b>(13,028.11)</b>	<b>(15,852.56)</b>
<b>C Cash flow from Financing Activities</b>		
Increase/(decrease) in Working Capital Loans	2,362.20	77.14
Interest & finance charges paid	(3,101.01)	(1,897.01)
Increase in Share capital & Share Premium	110.57	105.29
Dividends paid (including dividend tax)	(831.25)	(469.99)
Proceeds from Long Term and other non-current borrowings	6,787.57	11,249.79
Repayment of long term loans	(2,638.98)	(1,039.00)
<b>Net Cash used in Financing Activities</b>	<b>2,689.10</b>	<b>8,026.22</b>
Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	2,956.25	1,576.61
Cash equivalents - Opening Balance <sup>1</sup>	2,266.84	615.97
<b>Cash equivalents - Closing Balance</b>	<b>5,223.09</b>	<b>2,192.58</b>

1. Includes cash and cash equivalents of APL pursuant to scheme of amalgamation.

As per our report of even date

for **Kumar & Giri**

Chartered Accountants

Firm Regn No. 001584S

Sd/-

**J.Bhadra Kumar**

Partner

Membership No. 25480

For and on behalf of the Board

Sd/-

**C. Krishna Prasad**

Chairman & Managing Director

DIN: 00020180

Sd/-

**V.V.S. Murthy**

Chief Financial Officer

Sd/-

**Chaitanya Tummala**

Company Secretary

Place: Hyderabad  
Date: April 27, 2015

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

### 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) and Pharmaceutical Formulation intermediates (PFIs) and Finished Dosages (FDs). The company caters to both domestic and international markets.

### 1. Significant accounting policies

#### 1.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 1.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

#### 1.3 Tangible Fixed Assets:

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

#### 1.4 Depreciation on tangible fixed assets:

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets which are equal to useful lives and residual values specified in Schedule II. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets.

#### 1.5 Capital Work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

#### 1.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. All intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed periodically. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 *Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies*.

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

### 1.7 Investments:

Long-term investments and investments in subsidiary companies are carried at cost less provision for other than temporary diminution in the carrying value of each investment.

### 1.8 Valuation of Inventories:

Inventories are valued at the lower of cost and net realizable value. Net realizable value (NRV) is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of all categories of inventory is determined using weighted average cost method.

- a) Inventories of raw material, packing material, consumables and stores and spares are valued at cost as per weighted average method. Cost does not include duties and taxes that are subsequently recoverable.
- b) Cost for the purpose of finished goods and material in process is computed on the basis of cost of material, labor and other related overheads.
- c) Goods in transit are stated at costs accrued up to the date of Balance Sheet.
- d) Stocks with consignment agents are stated at costs accrued up to the date of the Balance sheet.

### 1.9 Government grants:

Government grants received in the nature of promoter's contribution and where no repayment is ordinarily expected are treated as capital reserve.

### 1.10 Foreign currency transactions and balances:

#### (i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### (ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

#### (iii) Exchange differences

The Company accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

- a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
- b) All other exchange differences are recognized as income or as expenses in the period in which they arise.

### 1.11 Revenue Recognition:

- a. Revenue from sales is recognized when significant risk and rewards in respect of ownership of the products are transferred, recovery of the consideration is reasonably certain.
- b. Revenue from domestic sales is recognized on dispatch of products from the factory of the Company and in case of consignment sale, on further sale made by the agents.
- c. Revenue from export sales is recognized on the basis of dates of Bill of Lading.
- d. Revenue from sale of goods include excise duty, sales tax and is net of returns.

### 1.12 Research and development expenses:

- a. Research costs not resulting in any tangible property/equipment are charged to revenue as and when incurred.



# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

- b. Know-how / product development costs incurred on an individual project are carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized over the period of expected future benefits from the related project, not exceeding ten years.

- c. The carrying value of know-how / product development costs are reviewed for impairment annually when the asset is not yet in use and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

### 1.13 Employee Retirement Benefits:

- a. Defined Contributions Plan: Contributions paid/ payable to the defined contribution plan of Provident Fund for certain employees covered under the scheme are recognized in the Profit and Loss account each year.
- b. The Company makes contributions to a State operated contribution scheme for certain employees at a specified percentage of the employees' salary. The Company has an obligation only to the extent of the defined contribution.
- c. Defined Benefit Plan: Gratuity for employees is covered under a scheme of Life Insurance Corporation of India (LIC). The cost of providing the benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial gains and losses for defined benefits plan is recognized in full in the period in which they occur in the statement of profit and loss.
- d. Other long term employee benefits: Other long term employee benefits comprise of leave encashment which is provided on the basis of actuarial valuation carried out in accordance with revised Accounting Standard 15 as at the end of the year/period.

### 1.14 Borrowing costs:

Borrowing costs incurred in relation to the acquisition and constructions of assets are capitalized as part of the cost of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.

### 1.15 Income tax expense:

- a. **Current Tax**  
The Current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

### b. **Deferred Tax**

Deferred tax charge or credit reflects the tax effects of timing difference between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future, however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets.

Deferred tax assets are reviewed at each balance sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

### 1.16 EBITDA

The company presents earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

### 1.17 Earnings per share

The basic earnings per share (EPS) is computed by dividing the profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e., the average market value of the outstanding shares).

### 1.18 Provisions and contingent liabilities and contingent assets

#### Provisions

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

### Contingent liabilities and contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

### 1.19 Impairment

The Company assesses at each reporting date whether there is an indication that an asset/cash generating unit may be impaired. If any indication exists the Company

estimates the recoverable amount of such assets and if carrying amount exceeds the recoverable amount, impairment is recognized. The recoverable amount is the higher of the net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount factor. When there is indication that previously recognized impairment loss no longer exists or may have decreased such reversal of impairment loss is recognized in the Statement of Profit and Loss.

### 1.20 Leases

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancellable in nature. The lease rentals under such agreements are recognized in the Statement of Profit and Loss as per the terms of the lease.

## 2. Notes to Financial Statements

### 2.1 Share capital

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
<b>Authorized Share Capital</b>		
34,50,00,000 Equity Shares of par value of ₹1 each (Previous year 3,00,00,000 Equity Shares of par value of ₹10 each)	3,450.00	3,000.00
<b>Issued, Subscribed and Fully Paid-Up Shares</b>		
20,42,51,540 fully paid up Equity Shares of par value of ₹1/- each (Previous year : 2,02,81,154 equity shares of ₹10 each)	2,042.52	2,028.12
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>2,042.52</b>	<b>2,028.12</b>

#### Notes:

- As per the scheme of arrangement M/s Auctus Pharma Ltd (transferor company), a wholly owned subsidiary of Granules India Limited (transferee company), was amalgamated with the company pursuant to the Scheme sanctioned by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh, vide its order dated 23rd September 2014. Pursuant to the said order, the Authorised share capital of the transferor company was added to the Authorized share capital of the transferee company.
- The face value of the equity share of ₹10/- each of the Company was sub-divided into 10 equity shares of ₹1/- each w.e.f from 24th March 2015 in terms of approval of the members of the Company in the EGM held on 27th February 2015.

#### (a) Reconciliation of the equity shares outstanding is set out below;

Particulars	As at 31st March 2015		As at 31st March 2014	
	No. of shares <sup>1</sup>	₹ in Lakhs	No. of shares	₹ in Lakhs
Number of shares at the beginning of the year	202,811,540	2,028.12	20,126,154	2,012.62
Add: Shares issued on exercise of employee stock options	1,440,000	14.40	155,000	15.50
Number of shares at the end of the year	204,251,540	2,042.52	20,281,154	2,028.12

### 1. Refer Note 2.1 (Note 2)

#### (b) Terms/Rights attached to equity shares:

The Company has only one class of equity shares having face value of ₹1/- . Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

During the year end 31st March 2015, the amount of per share dividend recognized as distribution to equity shareholders was 50 paise per equity share of ₹1/- each face value (31st March 2014: ₹3.50/- per share of ₹10/- each face value)

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. The distribution will be in proportion to the number of equity shares held by the shareholders

### (c) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31st March 2015		As at 31st March 2014	
	No. of shares (₹1/- each face value)	%	No. of shares (₹10/- each face value)	%
C. Krishna Prasad	74,735,380	36.59	7,473,538	36.85
Investco Management LLC	20,542,000	10.06	2,211,200	10.90
Ridgeback Capital Asia Limited	11,441,350	5.60	1,144,135	5.64

## 2.2 Reserves and Surplus

Particulars	As at	
	31st March 2015	31st March 2014
	(₹ in Lakhs)	
<b>a) Capital reserves</b>		
Opening balance	168.53	168.53
Add: Pursuant to scheme of amalgamation (Refer Note 2.40)	286.80	-
<b>Closing Balance</b>	<b>455.33</b>	<b>168.53</b>
<b>b) Securities Premium Reserve</b>		
Opening balance	11,906.82	11,811.02
Add: Allotment during the year <sup>1</sup>	121.65	95.80
<b>Closing balance</b>	<b>12,028.47</b>	<b>11,906.82</b>
<b>c) Central Subsidy</b>		
Opening Balance	12.14	12.14
Add: Statutory reserve pursuant to Scheme of Amalgamation (Refer Note 2.40)	15.00	-
<b>Closing Balance</b>	<b>27.14</b>	<b>12.14</b>
<b>d) General Reserve</b>		
Opening balance	10,786.74	786.74
Add: Transfer from surplus	10,000.00	10,000.00
<b>Closing balance</b>	<b>20,786.74</b>	<b>10,786.74</b>
<b>e) Surplus</b>		
Opening balance	9,528.92	12,258.25
Add: Adjustment towards loss in Statement of Profit and Loss account of Auctus Pharma Limited for the year FY 2013-14	(601.51)	-
Add: Net book value of the assets whose remaining useful life is NIL at the beginning of the year in terms of provisions of Companies Act 2013.	(17.00)	-
Add: Net profit after tax transferred from Statement of Profit and Loss:	9,522.64	8,101.14
Amount available for appropriations	18,433.05	20,359.38
<b>Appropriations:</b>		
Proposed equity dividend	1,021.26	709.84
Tax on Proposed equity dividend	207.90	120.64
Dividend of previous years including dividend tax	3.15	-
Transfer to General Reserve	10,000.00	10,000.00
<b>Closing Balance</b>	<b>7,200.74</b>	<b>9,528.92</b>
<b>Total (a+b+c+d+e)</b>	<b>40,498.41</b>	<b>32,403.15</b>

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

1. During the year ending 31st March 2015, the employees/directors of the Company were allotted the equity shares of the Company as follows:

Date of Allotment	No. of Shares (Refer Note 2.1 (Note 2))	Nominal Share capital (₹ Lakhs)	Share Premium (₹ Lakhs)	Total (₹ Lakhs)
10-Apr-14	320,000	3.20	25.92	29.12
2-Jun-14	270,000	2.70	23.15	25.85
18-Jun-14	160,000	1.60	12.96	14.56
18-Jul-14	20,000	0.2	2.90	3.10
14-Aug-14	110,000	1.10	11.36	12.46
1-Sep-14	400,000	4.00	32.40	36.40
19-Nov-14	160,000	1.60	12.96	14.56
	<b>1,440,000</b>	<b>14.40</b>	<b>121.65</b>	<b>136.05</b>

### 2.3 Long – Term borrowings:

#### (a) Term loans

(₹ in Lakhs)

Particulars	Non-current		Current	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
Indian rupee loans from banks (Secured)	13,982.50	9,090.00	2,467.50	41.33
Foreign currency loan from financial institutions (Secured)	10,211.45	12,398.32	2,879.26	2,895.56
<b>Total</b>	<b>24,193.95</b>	<b>21,488.32</b>	<b>5,346.76</b>	<b>2,936.89</b>

#### (b) Other Term Liabilities

(₹ in Lakhs)

Particulars	Non-current		Current	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
Finance lease obligations (Secured)	11.23	43.66	52.84	88.41
Deferred sales tax loan (Un-secured)	62.23	63.89	1.67	0.83
Creditors for capital goods	202.32	613.31	-	-
<b>Total</b>	<b>275.78</b>	<b>720.86</b>	<b>54.51</b>	<b>89.24</b>

The above amounts includes

(₹ in Lakhs)

Particulars	Non-current		Current	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
Secured borrowings	24,205.18	21,531.98	5,399.60	3,025.29
Unsecured borrowings	264.55	677.20	1.67	0.84
Amount disclosed under the head “other current liabilities”	-	-	(5,401.27)	(3,026.13)
<b>Total</b>	<b>24,469.73</b>	<b>22,209.18</b>	<b>-</b>	<b>-</b>

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

All secured term loans are secured by a paripassu first charge on fixed assets and a paripassu second charge on the current assets of the Company.

Out of the foreign currency loans from Financial Institutions an amount of ₹3,753.96 Lakhs as on 31st March 2015 is further guaranteed by the personal guarantee of the Chairman & Managing Director of the Company.

Deferred sales tax loan is interest free and payable in 14 yearly installments commencing from June 2013 onwards

### 2.4 Deferred Tax Liabilities

Deferred tax has been accounted for in accordance with the Accounting Standard – 22, “Accounting for taxes on income”, issued by the Institute of Chartered Accountants of India. The components of Deferred Tax Assets and Liabilities recognized in these accounts are as follows:

Particulars	Opening balance	Adjustment due	Charge/(Credit)	(₹ in Lakhs) Closing balance
	as on 1st April 2014	to Amalgamation	during the period	as on 31st March 2015
<b>Deferred tax liability</b>				
Deprecation	3,693.68	917.78	923.85	5,535.33
VRS	9.27	-	0.92	10.19
<b>Total</b>	<b>3,702.95</b>	<b>917.78</b>	<b>924.77</b>	<b>5,545.51</b>
<b>Deferred tax asset</b>				
Leave encashment	40.40	0.49	27.40	68.29
Bonus	11.70	1.78	29.63	43.12
Gratuity	70.04	-	35.96	106.00
<b>Total</b>	<b>122.14</b>	<b>2.27</b>	<b>92.99</b>	<b>217.41</b>
<b>Net Deferred tax liability</b>	<b>3,580.81</b>	<b>915.51</b>	<b>831.78</b>	<b>5,328.10</b>

### 2.5 Long-term Provisions

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Gratuity	311.84	251.03
Compensated absences	200.90	118.87
<b>Total</b>	<b>512.74</b>	<b>369.90</b>

### 2.6 Short-term borrowings

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Loans repayable on demand from banks (Secured)	11,486.95	7,748.62

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

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

### 2.7 Trade Payables

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
<b>Payable to third parties:</b>		
Dues to micro small and medium enterprises	242.18	204.88
Others	16,805.92	11,622.06
payable to subsidiary companies / related parties	1,336.25	797.86
<b>Total</b>	<b>18,384.35</b>	<b>12,624.80</b>

The list of undertakings covered under MSMEDA was determined by the Company on the basis of the information available with the Company.

### 2.8 Other Current Liabilities

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Current maturities of Long term borrowings	5,401.27	3,026.13
Interest accrued but not due on borrowings	52.15	60.21
Unclaimed dividends <sup>1</sup>	16.35	13.96
Provision for employee benefits	432.92	118.67
Duties and Taxes payable	233.97	441.85
Others	26.60	99.67
<b>Total</b>	<b>6,163.26</b>	<b>3,760.49</b>

1. There are no amounts due and outstanding to be credited to the Investors Education and protection Fund.

### 2.9 Short Term Provisions

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Proposed Dividend	1,021.26	709.84
Tax on Proposed Dividend	207.90	120.64
<b>Total</b>	<b>1,229.16</b>	<b>830.48</b>

### 2.10 Tangible Assets

Particulars	(₹ in Lakhs)								Total
	Land	Buildings	Plant & Machinery	Computers	Office Equipment	R&D Equipment	Furniture & Fixtures	Vehicles	
<b>Cost</b>									
As at 31st March 2014	843.22	7,984.04	32,111.73	604.89	386.91	1,137.66	610.05	483.66	44,162.16
Taken over pursuant to Scheme of Amalgamation <sup>1</sup>	398.74	1,088.28	3,773.12	22.43	5.12	-	25.70	59.66	5,373.05
Additions <sup>2</sup>	-	3,210.51	7,056.43	229.90	95.69	570.93	245.69	78.64	11,487.79
Disposals	-	-	(256.37)	-	(0.13)	(2.88)	(0.11)	(84.16)	(343.65)
Exchange differences (gain) / loss	-	32.08	364.19	-	-	-	-	-	396.27
<b>As at 31st March 2015</b>	<b>1,241.96</b>	<b>12,314.91</b>	<b>43,049.10</b>	<b>857.22</b>	<b>487.59</b>	<b>1,705.71</b>	<b>881.33</b>	<b>537.80</b>	<b>61,075.62</b>
<b>Depreciation</b>									
As at 31st March 2014	-	1,872.48	8,591.16	349.22	122.07	282.01	179.67	122.69	11,519.30
Amalgamation <sup>1</sup>	-	168.43	1,616.26	12.86	3.74	-	9.33	30.49	1,841.11
Adjustments <sup>3</sup>	-	-	1.25	-	4.86	0.20	10.69	-	17.00
Charge for the year	-	356.28	3,576.72	142.09	84.11	105.94	106.87	65.85	4,437.86
Disposals	-	-	(227.27)	-	(0.08)	(2.67)	(0.10)	(37.09)	(267.21)
<b>As at 31st March 2015</b>	<b>-</b>	<b>2,397.19</b>	<b>13,558.12</b>	<b>504.17</b>	<b>214.70</b>	<b>385.48</b>	<b>306.46</b>	<b>181.94</b>	<b>17,548.06</b>
<b>Net Block</b>									
As at 31st March 2015	1,241.96	9,917.71	29,490.97	353.05	272.89	1,320.23	574.87	355.86	43,527.54
As at 31st March 2014	843.22	6,111.56	23,520.57	255.67	264.84	855.65	430.38	360.97	32,642.86

- Represents tangible assets taken over pursuant to scheme of amalgamation with Auctus Pharma Limited as at 31st March 2014 (Refer Note 2.40)
- The Company has capitalized borrowing cost of ₹453.23 Lakhs during the year ended (Previous year ₹358.18 Lakhs)
- Net book value of the assets whose remaining useful life is NIL as per requirement of Schedule ii of Companies Act 2013.

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

### 2.11 Intangible Assets

(₹ in Lakhs)				
Particulars	Technical Know How	Soft ware	Intangibles <sup>1</sup>	Total
Gross Block				
As at 31st March 2014	3,189.50	-	-	3,189.50
Acquired pursuant to Scheme of Amalgamation <sup>1</sup>			8,088.33	8,088.33
Additions	-	215.90		215.90
As at 31st March 2015	3,189.50	215.90	8,088.33	11,493.73
Depreciation/amortization				
As at 31st March 2014	2,265.08	-	-	2,265.08
Adjustments pursuant to scheme of amalgamation <sup>2</sup>	-	-	21.36	21.36
Charge for the year	319.44	24.85	173.73	518.02
Disposals	-	-	-	-
As at 31st March 2015	2,584.51	24.85	195.09	2,804.46
Net Block	-	-	-	-
As at 31st March 2015	604.99	191.05	7,893.24	8,689.28
As at 31st March 2014	924.43	-	-	924.43

- Represents intangible assets taken over pursuant to scheme of amalgamation with Auctus Pharma Limited as at 31st March 2014 (Refer Note 2.40)
- Amortization amount of intangibles relating to previous year.

### 2.12 Non-current investments

#### 1) Trade investments (valued at cost unless stated otherwise):

Investments in Equity Instruments

(₹ in Lakhs)		
Particulars	As at 31st March 2015	As at 31st March 2014
<b>a) Investment in subsidiaries (Unquoted)</b>		
Granules USA Inc., Wholly owned subsidiary (7,00,000 fully paid equity shares )	116.31	116.31
GIL Life Sciences Pvt Ltd, Wholly owned subsidiary (29,46,176 fully paid equity shares of ₹10 each)	294.62	294.62
Granules Pharmaceuticals Inc., Wholly owned subsidiary (20,00,000 fully paid equity shares)	1,225.00	-
Auctus Pharma Limited, Wholly owned subsidiary – Amalgamated during the year with the Company (previous year 39,00,000 shares of ₹ 10/- each)	-	10,225.51
<b>Sub Total (a)</b>	<b>1,635.93</b>	<b>10,636.44</b>
<b>b) Investment in joint ventures (Unquoted)</b>		
Granules Biocause Pharmaceutical Co. Ltd (50% Joint-Venture in equity)	1,819.03	1,819.03
Granules Omnicem Pvt Ltd (50% Joint –Venture in equity)	3,773.10	2,070.00
<b>Sub Total (b)</b>	<b>5,592.12</b>	<b>3,889.03</b>
<b>c) Other trade investments (unquoted)</b>		
Jeeditmetla Effluent Treatment Ltd (15,142 equity share of ₹100/- each including 1,040 shares at a premium of ₹50/- each)	15.66	15.66
Patancheru Envirotech Ltd (34,040 equity shares of ₹10/- each)	3.41	3.41
<b>Sub Total (c)</b>	<b>19.07</b>	<b>19.07</b>
<b>d) Quoted equity instruments</b>		
Ipca Labs Ltd (50 shares of ₹10/- each)	0.07	0.07
<b>Sub Total (d)</b>	<b>0.07</b>	<b>0.07</b>
<b>Grand Total (a)+(b)+(c)+(d)</b>	<b>7,247.19</b>	<b>14,544.60</b>
Aggregated investment of quoted investments	0.07	0.07
Aggregated investment of unquoted investments	7,247.12	14,544.53
Market value of quoted investments	0.32	0.42



# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

### 2.13 Long-term loans and advances (Unsecured & Considered good)

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
a) Security deposits	475.30	363.05
b) Loans and advances to related parties GIL Life Sciences Pvt Ltd	10.20	10.20
c) Advance Tax including MAT credit (Net of provision for tax)	1,384.16	(58.59)
<b>Total</b>	<b>1,869.66</b>	<b>314.66</b>

### 2.14 Other Non-Current Assets

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Amalgamation adjustment account (Refer Note 2.40 (F))	15.00	-
<b>Unamortized expenditure</b>		
VRS Expenses	168.60	255.58
<b>Total</b>	<b>183.60</b>	<b>255.58</b>

### 2.15 Inventories (valued at lower of cost or net realizable value)

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
a) Raw Materials & Packing Material	8,284.22	5,185.78
b) Raw Materials at Bonded Warehouse	1,178.93	1,143.27
c) Work-in-progress	3,589.71	1,094.41
d) Finished goods	2,943.01	2,885.35
e) Materials in Transit	518.87	789.25
f) Stores & Spares and Loose Tools	1,424.88	930.67
<b>Total</b>	<b>17,939.62</b>	<b>12,028.73</b>

### 2.16 Trade receivables (Unsecured)

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
a) <b>Outstanding for a period exceeding 6 months</b> considered good	845.64	650.95
b) <b>Others</b> considered good	18,135.30	11,531.02
<b>Total</b>	<b>18,980.94</b>	<b>12,181.97</b>

Note: Trade receivables include a sum of ₹1,302.11 Lakhs (Previous Year ₹1,070.56 Lakhs) due from Subsidiary Company

### 2.17 Cash and cash equivalents

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
i) Cash on Hand	18.07	10.96
ii) Balance with Banks in Current Accounts		
a) On current accounts	173.64	464.07
b) Unclaimed Dividend account	16.35	13.96
c) Held as margin money for Letter of Credits, Bank Guarantees & Fixed Deposits	5,015.03	1,703.59
<b>Total</b>	<b>5,223.09</b>	<b>2,192.58</b>

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

### 2.18 Short term Loans and Advances (unsecured and considered good)

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Staff Advance	0.05	0.35
Prepaid Expenses	386.40	313.99
<b>Total</b>	<b>386.45</b>	<b>314.34</b>

### 2.19 Other Current assets

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Balances with Excise Authorities	2,626.67	2,034.23
CST claim receivable from VSEZ	716.51	405.71
Other Receivables	208.58	3,028.34
Sales Tax receivable	525.46	645.42
Interest accrued but not due	18.66	38.15
Discount Receivable	-	0.96
Unamortized expenditure		
VRS Expenses	122.00	114.26
<b>Total</b>	<b>4,217.88</b>	<b>6,267.07</b>

### 2.20 Revenue from operations

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Sale of Products		
- Exports	97,478.62	86,799.67
- Domestic	27,348.97	15,327.15
	<b>124,827.59</b>	<b>102,126.82</b>
Less: Excise Duty & Sales Tax	3,496.46	1,958.83
<b>Net sales</b>	<b>121,331.13</b>	<b>100,167.99</b>

### 2.21 Other Income

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Interest income	138.68	116.01
Dividend income	-	24.84
Insurance claims received	1.69	141.00
Other operating revenue	155.95	82.90
<b>Total</b>	<b>296.32</b>	<b>364.75</b>

### 2.22 Cost of Material Consumed

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Inventory at the beginning of the year	5,185.78	4,237.59
Acquired pursuant to Scheme of Amalgamation	618.09	-
Add : Purchases	75,955.26	59,683.84
	<b>81,759.13</b>	<b>63,921.43</b>
Less: Inventory at the end of the year	9,982.01	5,185.78
<b>Cost of Material Consumed</b>	<b>71,777.12</b>	<b>58,735.65</b>

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

### Details of material consumed (including packing material)

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Para amino phenol	22,035.76	20,239.31
Acetic anhydride	7,187.82	5,424.49
Ibuprofen	6,109.38	8,627.62
Metformin HCL	4,668.40	4,265.78
Guiaicol	2,781.11	2,562.50
Naproxen Sodium	2,137.91	253.06
Povidone	2,070.56	1,962.89
Dicyandiamide	1,074.41	1,195.77
Epichloro Hydrin	825.51	740.90
Ciprofloxacin	775.15	1,097.02
Others	22,111.11	12,366.31
<b>Total</b>	<b>71,777.12</b>	<b>58,735.65</b>

### Details of Purchases

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Para amino phenol	22,178.36	20,275.79
Acetic anhydride	7,223.09	5,404.89
Ibuprofen	6,255.24	9,479.43
Metformin HCL	4,956.42	4,161.67
Guiaicol	2,777.94	2,515.61
Naproxen Sodium USP	2,481.98	406.56
Povidone	2,149.09	2,164.12
Dicyandiamide	1,086.26	1,135.35
Ciprofloxacin	851.79	1,183.88
Epichloro Hydrin	784.99	752.27
Others	25,210.10	12,204.27
<b>Total</b>	<b>75,955.26</b>	<b>59,683.84</b>

### 2.23 (Increase)/Decrease in Work-in-Process and Finished goods

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
<b>Inventories at the beginning of the year</b>		
Work-in-Progress	1,094.41	1,196.72
Finished Goods	2,885.35	2,545.42
	<b>3,979.76</b>	<b>3,742.14</b>
Acquired pursuant to Scheme of Amalgamation <sup>1</sup>	1,496.80	-
<b>Total</b>	<b>5,476.56</b>	<b>3,742.14</b>
<b>Less : Inventories at the end of the year</b>		
Work-in-Process	3,589.71	1,094.41
Finished Goods	2,943.01	2,885.35
	<b>6,532.72</b>	<b>3,979.76</b>
<b>Net (Increase)/Decrease in Work-in-Process and Finished goods</b>	<b>(1,056.18)</b>	<b>(237.62)</b>

1. Represents inventory at the beginning of the year taken over pursuant to scheme of amalgamation with Auctus Pharma Limited.

### 2.24 Employee Benefit Expenses

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
i) Salaries and wages	8,094.00	6,179.92
ii) Contribution to PF and other funds	291.64	158.12
iii) Staff welfare expenses	537.57	384.87
<b>Total</b>	<b>8,923.21</b>	<b>6,722.91</b>

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

### 2.25 Other Expenses

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
<b>Manufacturing Expenses :</b>		
Power & Fuel	3,632.44	2,715.10
Effluent Treatment expenses	678.45	483.84
Repairs & Maintenance		
- Factory Building	205.73	157.89
- Plant & Machinery	1,752.47	1,391.89
- Others	169.96	105.10
Consumables & Lab Chemicals	560.97	415.12
Analytical Fees	171.92	101.24
Other Manufacturing expenses	354.46	148.07
<b>Manufacturing Expenses Total :</b>	<b>7,526.40</b>	<b>5,518.25</b>
Freight Outward & Clearing Charges	4,993.25	5,184.14
Research & Development Expenses	840.39	825.99
<b>Other Expenditure :</b>		
Sales Commission	1,374.14	1,413.66
Discount Allowed	197.26	1,197.42
Travelling Expenses	981.79	668.19
Business Promotion Expenses	352.52	479.25
Communication Expenses	123.68	106.61
Consultancy Charges	1,202.78	582.19
Directors Remuneration	212.10	142.10
Director Sitting fees	16.58	16.78
Insurance	248.42	233.02
Printing & Stationary	137.88	86.95
Repairs & Maintenance Others	55.44	27.28
Auditors Remuneration	18.00	15.00
Rates & Taxes	355.52	428.84
Rent	241.25	224.18
Net loss / (gain) on Sale of Asset	50.95	19.79
Sundry Expenses	348.93	223.96
Advertisement Charges	22.72	1.64
Donations	50.87	6.07
Managerial commission	1,238.03	1,180.61
Miscellaneous Expenses	119.65	118.35
<b>Other Expenses Total:</b>	<b>7,348.51</b>	<b>7,117.87</b>
<b>Total</b>	<b>20,708.55</b>	<b>18,646.24</b>

### 2.26 Finance Cost

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Interest on Term loan	1,765.69	596.95
Interest on Working Capital	828.30	710.81
Interest Others	83.39	34.96
Bank Charges	415.56	549.98
<b>Total</b>	<b>3,092.94</b>	<b>1,892.70</b>

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# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

### 2.27 Payment to Statutory Auditors

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
a) As Auditor	15.00	12.00
b) Tax Audit	3.00	3.00
<b>Total</b>	<b>18.00</b>	<b>15.00</b>

### 2.28 CIF Value of Imports

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
i) Raw material	43,158.05	35,695.67
ii) Components and Spare Parts	308.06	209.06
iii) Capital goods	1,328.67	953.56
<b>Total</b>	<b>44,794.78</b>	<b>36,858.29</b>

### 2.29 Expenditure in foreign currency

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
i) Travel	180.64	171.20
ii) Sales Commission	1,139.69	851.96
iii) Consultancy Charges	653.23	461.67
iv) Interest	775.28	823.51
v) Others	277.71	1,167.28
<b>Total</b>	<b>3,026.55</b>	<b>3,475.62</b>
<b>c) Dividends in Foreign Currency paid to Non Residents.</b>		
Non Resident shareholders		
i) Number of shareholders	4	7
ii) Shares held	33,933,350	34,745,350
iii) Year of Dividend	FY 2013-14	FY 2012-13
iv) Amount of Dividend paid	118.77	69.49

### 2.30 Earnings in foreign currency

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Exports on F.O.B. basis	92,072.57	82,395.90

### 2.31 Details of imported and indigenous Raw materials, packing materials & Spare parts etc., consumed:

#### (a) Raw materials consumed

Particulars	FY 2014-15		FY 2013-14	
	Value	(%)	Value	(%)
Imported	49,928.38	69.56	44,225.99	75.30
Indigenous	21,848.74	30.44	14,509.65	24.70
<b>Total</b>	<b>71,777.12</b>	<b>100.00</b>	<b>58,735.64</b>	<b>100.00</b>

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

### b) Spare parts

(₹ in Lakhs)

Particulars	FY 2014-15	(%)	FY 2013-14	(%)
Imported	308.06	27.50	209.06	18.36
Indigenous	812.32	72.50	929.62	81.64
<b>Total</b>	<b>1,120.38</b>	<b>100.00</b>	<b>1,138.68</b>	<b>100.00</b>

### 2.32 Employee Benefits

**Defined benefit plans:** The following table sets forth the status of the Gratuity Plan of the Company and the amounts recognized in the Balance Sheet and Profit and Loss Account

(₹ in Lakhs)

Particulars	Gratuity Plan	
	FY 2014-15	FY 2013-14
Projected benefit obligation at the beginning of the period	303.51	148.38
Current service cost	122.52	236.31
Interest cost	26.67	22.06
Actuarial loss/(gain)	(30.15)	(68.77)
Benefits paid	(28.35)	(34.47)
Projected benefit obligation at the end of the period	<b>394.20</b>	<b>303.51</b>
Amounts recognized in the balance sheet		
Projected benefit obligation at the end of the period	394.20	303.51
Fair value of plan assets at end of the period	82.36	52.47
Liability recognized in the balance sheet	<b>311.84</b>	<b>251.04</b>
Cost for the period		
Current service cost	114.86	236.31
Interest cost	26.67	22.06
Expected return on plan assets	(6.72)	(5.12)
Actuarial (gain) / loss recognized in the period	(23.42)	(63.65)
Net benefit expense	<b>111.39</b>	<b>189.60</b>
Actual Return on Plan Assets		
Assumptions		
Estimated rate of return on plan assets	7.83%	9%
Weighted expected rate of salary increase	10%	10%

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

### 2.33 Employee Stock Option Plan

Granules India Limited – Employee Stock Option Scheme 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.
- Under the Plan, options not exceeding 1,00,63,070 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 four tranches viz. Grant I, Grant II, Grant III & Grant IV. 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 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 following is the number of granted options outstanding during the year:

Particulars	31st March 2015		31st March 2014	
	No. of options <sup>1</sup>	Weighted Average Exercise Price (₹)	No. of options	Weighted Average Exercise Price (₹)
At the beginning of the year	31,60,000	-	4,75,000	-
Add: Granted during the year:	-	-	-	-
Grant I	-	-	-	-
Grant II	-	-	-	-
Grant III	-	-	-	-
Grant IV	20,00,000	-	-	-
Less: Exercised during the year	11,60,000	9.53	1,13,000	93.17
Less: Lapsed / Cancelled during the year (Grant I)	6,00,000	-	46,000	-
<b>At the end of the year</b>	<b>34,00,000</b>		<b>3,16,000</b>	

Note 1: Shares of the Company of face value ₹10/- each has been sub divided in to 10 Shares of ₹1/- each w.e.f from 24th March 2015 vide approval of the members in an EGM held on 27th February 2015. Accordingly, each option has been sub-divided into ten options.

**2.34** The Government of Andhra Pradesh, Commissionerate of Industries has vide its Letter No.20/2/9/0444/ID dated 11th October 1999 and its clarification vide Letter dated 4th August 2001 determined an eligibility of ₹184.12 Lakhs towards Sales tax deferment on the sale of Paracetamol and the Sales tax payable by the Company for a period of 14 years commencing from 30th June 1998 to 29th June 2012 is deferred. The liability of ₹63.89 Lakhs as at 31st March 2015 (Previous year ₹64.73 Lakhs) for the deferred Sales tax is shown under unsecured loans.



# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

### 2.35 Contingent liabilities and commitments

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
<b>1) Contingent Liabilities</b>		
a) Claims against the Company not acknowledged as debt		
Income Tax	1,182.43	1,182.43
Excise	226.76	205.55
Service Tax	95.41	89.37
Customs	43.47	43.47
<b>Total (a)</b>	<b>1,548.07</b>	<b>1,520.82</b>
b) Bills discounted with banks	21,561.84	17,820.42
<b>Total (b)</b>	<b>21,561.84</b>	<b>17,820.42</b>
c) Corporate Guarantee given for JV loan	12,096.00	14,863.77
<b>Total (c)</b>	<b>12,096.00</b>	<b>14,863.77</b>
<b>TOTAL (a+b+c)</b>	<b>35,205.91</b>	<b>34,205.01</b>
<b>2) Commitments</b>		
a) Estimated amount of contracts to be executed on capital account	1,730.26	2,086.76
<b>Grand Total</b>	<b>36,936.17</b>	<b>36,291.77</b>

### 2.36 Research and Development Fixed assets (Included in Note No. 2.10)

Particulars	(₹ in Lakhs)							Total
	Buildings	Office Equipment	R&D Equipment	Material Handling Equipment	Furniture & Fixtures	Electrical Installations	Computers	
Cost or Valuation								
<b>At 31st March 2014</b>	<b>84.09</b>	<b>16.81</b>	<b>1,137.66</b>	<b>3.58</b>	<b>30.16</b>	<b>26.68</b>	<b>4.87</b>	<b>1,303.85</b>
Additions	-	0.80	570.93	-	17.97	23.43	16.28	629.41
Disposals	-	-	(2.88)	-	-	-	-	(2.88)
<b>At 31st March 2015</b>	<b>84.09</b>	<b>17.61</b>	<b>1,705.71</b>	<b>3.58</b>	<b>48.13</b>	<b>50.11</b>	<b>21.15</b>	<b>1,930.38</b>
<b>Depreciation</b>								
<b>As at 31st March 2014</b>	<b>14.79</b>	<b>0.43</b>	<b>282.01</b>	<b>1.40</b>	<b>4.04</b>	<b>1.98</b>	<b>2.77</b>	<b>307.42</b>
Charge for the year	2.67	3.35	106.13	0.16	4.74	4.02	3.59	124.66
Disposals	-	-	(2.67)	-	-	-	-	(2.67)
<b>As at 31st March 2015</b>	<b>17.46</b>	<b>3.78</b>	<b>385.47</b>	<b>1.56</b>	<b>8.78</b>	<b>6.00</b>	<b>6.36</b>	<b>429.41</b>
<b>Net Block</b>								
<b>As at 31st March 2015</b>	<b>66.63</b>	<b>13.83</b>	<b>1,320.24</b>	<b>2.02</b>	<b>39.35</b>	<b>44.11</b>	<b>14.79</b>	<b>1,500.97</b>
<b>As at 31st March 2014</b>	<b>69.30</b>	<b>16.38</b>	<b>855.65</b>	<b>2.18</b>	<b>26.12</b>	<b>24.70</b>	<b>2.10</b>	<b>996.43</b>

### 2.37 Segment reporting: The Company has only one business segment of "Pharmaceuticals".

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
<b>a) Revenue</b>		
i) Sale (Net of Excise Duty)		
Within India	23,852.51	13,368.32
Outside India	97,478.62	86,799.67
ii) Other Income		
Within India	296.32	364.75
Outside India	-	-

**b) Assets:** All the assets of the Company, except the debtors and loans and advances amounting to ₹10,023.98 Lakhs (Previous year ₹9,149.59 Lakhs), are within India.

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

**2.38 Related party disclosures** required as per Accounting Standard (AS-18) on “Related party disclosures” issued by the Institute of Chartered Accountants of India, are as below:

**a) Names of related parties and the description of relationship:**

Sl. No	Name	Relationship
(i)	Granules USA Inc	Wholly owned subsidiary Company
(ii)	GIL Life sciences Private Limited	Wholly owned subsidiary Company
(iii)	Granules Pharmaceuticals Inc	Wholly owned subsidiary Company
(iv)	Granules-Bioclause Pharmaceutical Co. Ltd	Joint - Venture
(v)	Granules Omnicem Private Limited	Joint - Venture
(vi)	Key Management Personnel:	
	Mr. C. Krishna Prasad	Chairman & Managing Director
	Mr. Harsha Chigurupati	Executive Director
	Ms. C. Uma Devi	Executive Director
	Mr. VVS. Murthy	Chief Financial Officer
	Ms. Chaitanya Tummala	Company Secretary
(vii)	Others:	
	Mr. Vijay Ramanavarapu	GM-Procurement
	Ms. C. Priyanka	Manager- Marketing
	Ms. Shivangi Sharma	Company Secretary
	Ms. VVN Chandrika	Executive
	Karvy Computershare Private Limited	Directors interest
	Tyche Technologies Pvt.Ltd	Directors interest

**Transactions with Subsidiary Company:**

	(₹ in Lakhs)	
Particulars	FY 2014-15	FY 2013-14
<b>Granules USA INC</b>		
Transactions during the Year :		
Sale of Goods	18,302.26	12,246.27
Amounts outstanding at Balance Sheet Date		
Equity Subscribed	116.31	116.31
Amount receivable for sales made (Incl. Bill discounting)	11,428.08	6,815.80
<b>GIL Life Sciences</b>		
Transactions during the Year	-	-
Amounts outstanding at Balance Sheet Date		
Equity Subscribed	294.62	294.62
Loan / others	10.20	10.20
<b>Granules Pharmaceuticals Inc</b>		
Transactions during the Year	-	-
Amounts outstanding at Balance Sheet Date		
Equity Subscribed	1,225.00	-
<b>Transactions with Joint Venture</b>		
<b>Granules Bioclause Pharmaceutical Co., Ltd</b>		
Transactions during the Year :		
Purchase of Goods	5,329.81	6,072.60
Amounts outstanding at Balance Sheet Date		
Equity Subscribed	1,819.03	1,819.03
Amount payable for purchase of goods	1,333.92	797.86

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
<b>Granules Omnichem Pvt Ltd</b>		
Transactions during the Year :		
Amount paid towards investment in equity Shares	1,703.10	-
Purchase of Goods	16.91	-
Sale of Goods	6.02	-
Amounts outstanding at Balance Sheet Date		
Equity Subscribed	3,773.10	2,070.00
Amount receivable for sale of goods	3.68	-
<b>Transaction with other company in which director interested</b>		
<b>Karvy Computershare Private Limited</b>		
Transactions during the Year:		
Services	3.77	2.95
Amounts outstanding at Balance Sheet Date		
Amount payable for the services	-	-
<b>Tyche Technologies Pvt.Ltd</b>		
Transactions during the year:		
Services	42.56	40.15
Amounts outstanding at Balance Sheet Date		
Advance paid	44.58	49.55

### a) Transactions with other related parties:

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Mr. C. Krishna Prasad, Chairman & Managing Director Remuneration & Commission	737.60	674.64
Dr. C. Nageshwar Rao, Chairman Sitting fee	-	1.45
Mr. Harsha Chigurupati, Executive Director Remuneration & Commission	147.52	138.01
Mrs. C. Uma Devi, Executive Director Remuneration & Commission	590.08	535.77
Mr. Vijay Ramanavarapu (upto 31/7/2014) Salary	15.03	35.09
Mr. VVS.Murthy Salary	118.52	76.76
Ms. Priyanka Salary	11.84	11.64
Ms. Shivangi Sharma (separated from 28/7/2014) Salary	7.64	9.39
Ms. Chaitanya Tummala Salary	16.01	-
Ms. VVN Chandrika Salary	1.92	1.01

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO FINANCIAL STATEMENTS

### 2.39 Earnings per Share – Basic and Diluted: \*

Particulars	FY 2014-15	FY 2013-14
Net profit for the year (₹ Lakhs)	9,522.64	8,101.14
<b>Basic:</b>		
Weighted average number of shares outstanding during the year	203,842,526	202,241,680
Basic earnings per share (₹)	4.67	4.01
<b>Diluted:</b>		
Weighted average number of shares outstanding during the year	206,063,456	206,141,680
Diluted earnings per share (₹)	4.62	3.93
Nominal value of shares (₹)	1.00	1.00

\* With effect from 24th March 2015, face value of the Company's Equity share has been subdivided from ₹10/- each to 10 (ten) Equity Shares of ₹1/- each fully paid-up. In compliance with Accounting Standard 20 – Earnings per Share (EPS), the Company has given effect to the said sub-division of shares in computing the earnings per share for all comparative periods.

**2.40** The Scheme of amalgamation submitted by Auctus Pharma Ltd (APL), a wholly owned subsidiary of the Company, was sanctioned by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh vide its order dated 23rd September 2014 and the same has been filed with the Registrar of Companies (RoC), on 13th November 2014. The Scheme is effective from 1st April 2013 (i.e. appointed date).

- The Company has taken over the assets valued at ₹17,861.01 Lakhs and liabilities aggregating to ₹7,348.69 Lakhs of APL, based on fair valuation performed by an independent valuer.
- As the financial statements of the Company for previous year ended 31st March 2014 were already approved by the shareholders of the Company, the previous year balances (i.e for FY 2013-14) are not restated and all the relevant accounting entries with respect to the Scheme are accounted for on 1st April 2014 and consequently, the surplus in the Statement of Profit and Loss as on 31st March 2014 of APL has been transferred to the opening reserve (Refer note 2.2.e) of the Company.

- The entire issued, subscribed and paid up share capital and reserves and surpluses (except statutory reserves of the APL), after the appointed date stand cancelled. Accordingly, investment by the Company in APL amounting to ₹10,225.51 Lakhs has been cancelled along with all other inter-company balances including loans, advances outstanding.
- The excess of fair value of assets over the liabilities after adjusting value of the investments in APL, amounting to ₹286.80 Lakhs has been recognized as capital reserve.
- No consideration is payable or receivable on implementation of the Scheme as the Scheme involves a wholly owned subsidiary
- Investment subsidy of ₹15 Lakhs of APL will continue in Reserves & Surpluses even after amalgamation and the same amount is being shown under Other Non-Current Assets as "Amalgamation adjustment account".

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO AUDITED FINANCIAL STATEMENTS

### 2.41 Pending litigations with various authorities:

Name of the statute	Nature of dues	₹ in Lakh	Period for which the amount relate	Forum where dispute is pending
The Customs Act, 1962	Duty demand on Imports under DEEC	32.57	1993-94	High Court, Andhra Pradesh
The Customs Act, 1962	Duty demand on export obligations	10.90	1993-94	Commissioner of Customs, Chennai
Finance Act 1994	Penalty on Service Tax matters	89.37	2002-07	CESTAT, Bangalore
Finance Act 1994	Disallowance of CENVAT Credit	6.04	2012-13 & 2013-14	Commissioner, Central Excise, Hyderabad
The Central Excise Act, 1944	Duty and Penalty on CENVAT availment	199.55	2006-09	CESTAT, Bangalore
The Income Tax Act, 1961	Tax demand on transfer pricing & other matters	1059.60*	2007-08, 2008-09 & 2009-10	ITAT, Hyderabad
The Income Tax Act, 1961	Tax demand on transfer pricing & other matters	122.83	2006-07	CIT(Appeals), Hyderabad
The Central Excise Act, 1944	Disallowance of CENVAT Credit	27.21 <sup>®</sup>	2012-13 & 2013-14	Commissioner, Central Excise, Visakhapatnam.

\* in respect of the Tax demand of ₹ 354.39 lakh pertaining to the Asst. Year 2008-09, ITAT has disposed off the appeal in favour of the company, the consequential order on the same is pending to be passed by the Transfer Pricing Officer.

<sup>®</sup> Pertains to Auctus Pharma Limited which was amalgamated with the company during the year.

### 2.42 Previous year's figures have been regrouped / reclassified wherever necessary to confirm to current year's classification.

### 2.43 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  
Firm Regn No. 001584S

Sd/-

**J.Bhadra Kumar**

Partner

Membership No. 25480

Place: Hyderabad  
Date: April 27, 2015

For and on behalf of the Board

Sd/-

**C. Krishna Prasad**

Chairman & Managing Director  
DIN: 00020180

Sd/-

**V.V.S. Murthy**

Chief Financial Officer

Sd/-

**Chaitanya Tummala**

Company Secretary

# INDEPENDENT AUDITORS' REPORT

## ON CONSOLIDATED FINANCIAL STATEMENTS

To  
The Members of  
**GRANULES INDIA LIMITED**  
Hyderabad – 500 081

We have audited the accompanying consolidated financial statements of M/s Granules India Limited (the "Holding Company"), its subsidiaries (the Holding Company, its subsidiaries constitute "the Group"), and jointly controlled entities comprising the consolidated Balance Sheet as at 31 March, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 financial statements are free from material misstatement.

An audit involves examining on a test basis, evidence supporting the amounts and disclosures in the 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 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 financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standard 27, Financial Reporting of Interest in Joint-ventures, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2015;
- (ii) in the case of the consolidated Statement of Profit and Loss Account, 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.

### Other Matters

We did not audit the financial statements of the subsidiaries and the joint-ventures, whose financial statements / financial

information reflect total assets of ₹ 32,144.75 lakhs as at 31st March, 2015, the total revenue of ₹ 29,025.81 lakhs and net cash flows amounting to ₹ 2,355.95 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 ₹ 9,090.78 lakhs for the year ended 31st March, 2015 as considered in the consolidated financial statements. 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 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 financial statements, and our report on Other Legal and Regulatory Requirements below is not qualified in respect of the above matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditor's reports of the Holding company, Subsidiary companies and Joint Ventures, we give in the Annexure 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, 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;

- (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, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors of the Holding company as on March 31, 2015 and taken on record by the Board of Directors of the Holding company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group Companies, its jointly controlled companies incorporated in India is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act.

for **Kumar & Giri**  
Chartered Accountants  
Firm Registration No. 001584S

Sd/-  
**J. Bhadra Kumar**

Place: Hyderabad  
Date: April 27, 2015

Partner  
Membership No. 25480



# ANNEXURE

## TO OUR REPORT OF EVEN DATE:

- i. (a) The Group and Jointly controlled entities, have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) Fixed assets have been physically verified by the management during the period and no material discrepancies were identified on such verification.
- ii. (a) The stocks of raw materials, consumables, stores, work-in-progress and finished goods have been physically verified during the year at regular intervals by the management.  
(b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Group and Jointly controlled entities and the nature of its business. In respect of finished goods lying with the consignees, the certificate given by the management is relied upon.  
(c) The Group and Jointly controlled entities are maintaining the proper records for recording the inventory and the discrepancies noticed on verification of stocks as compared to books were not material and it has been properly dealt with in the books of account.
- iii. According to the information and explanations given to us, the Group and Jointly controlled entities have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) to (b) of the Order are not applicable to the Group and Jointly controlled entities .
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Group and Jointly controlled entities and the nature of its business for the purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Group and Jointly controlled entities in respect of these areas.
- v. The Group and Jointly controlled entities have not accepted any deposits from the public.
- vi. The Central Government has prescribed maintenance of cost records under the provisions of Section 148(1) of the Companies Act, 2013 in respect of manufacture activities of the Group and Jointly controlled entities. The Group and Jointly controlled entities has maintained accounts and records of such activities.
- vii. (a) The Group and Jointly controlled entities are regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Customs Duty, Wealth Tax, Sales Tax, 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 31.03.2015 for period exceeding 6 months from the date they became payable.  
(b) Reference is invited to Note No.2.32 regarding pending litigations with various authorities in respect of Income-tax, Customs duty, Wealth tax, Sales tax, Service tax, Excise duty, Cess.  
(c) According to the information and explanations given to us, the Group and Jointly controlled entities has transferred amounts required to be transferred as per the provisions of Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act and rules made thereunder.

- (viii) The Group and Jointly controlled entities has been in existence for a period of more than Five years and it has not incurred any cash losses in the financial year and in the immediately preceding financial year and the Group and Jointly controlled entities does not have any accumulated losses.
- (ix) According to the records of the Group and Jointly controlled entities examined by us and the information and explanations given to us, the Group and Jointly controlled entities has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.
- x. The Group and Jointly controlled entities did not have any material foreseeable losses on long term contracts including derivative contracts.
- xi. Granules India Limited has extended corporate guarantee to Financial Institutions for the Term Loans taken by one of its Joint Venture Companies M/s. Granules Omnichem Private Limited and basing on the information and explanation furnished before us the terms and conditions of such loans are not prejudicial to the interest of the Group.

- xii. Based on the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.
- xiii. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Group and Jointly controlled entities has been noticed or reported during the year.

For **Kumar & Giri**  
Chartered Accountants  
Firm Registration No. 001584S

Sd/-  
**J. Bhadra Kumar**  
Partner  
Membership No. 25480

Place: Hyderabad  
Date: April 27, 2015

# CONSOLIDATED BALANCE SHEET

		(₹ in Lakhs)	
Particulars	Note No.	As at 31st March 2015	As at 31st March 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2.1	2,042.52	2,028.12
(b) Reserves & Surplus	2.2	41,073.83	33,542.61
		<b>43,116.35</b>	<b>35,570.73</b>
<b>(2) Share Application Money Pending Allotment</b>		-	25.48
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	2.3	30,815.57	30,924.36
(b) Deferred tax liabilities (Net)	2.4	4,927.96	3,030.38
(c) Long-term provisions	2.5	518.71	396.57
		<b>36,262.24</b>	<b>34,351.31</b>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	2.6	12,496.99	10,090.90
(b) Trade payables	2.7	18,872.24	13,554.45
(c) Other current liabilities	2.8	7,736.86	4,777.99
(d) Short-term provisions	2.9	1,229.16	830.48
		<b>40,335.25</b>	<b>29,253.82</b>
<b>Total</b>		<b>119,713.84</b>	<b>99,201.34</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets			
(i) Tangible assets	2.10	52,804.38	37,465.09
(ii) Intangible assets	2.11	8,850.73	10,782.09
(iii) Capital work-in-progress		6,203.37	12,455.83
		<b>67,858.48</b>	<b>60,703.01</b>
(b) Non-current investments	2.12	19.14	19.14
(c) Long-term loans and advances	2.13	2,079.47	433.30
(d) Other non-current assets	2.14	281.66	353.74
		<b>70,238.75</b>	<b>61,509.19</b>
<b>(2) Current assets</b>			
(a) Inventories	2.15	22,451.66	17,416.34
(b) Trade receivables	2.16	13,262.58	11,090.83
(c) Cash and cash equivalents	2.17	6,530.66	4,174.71
(d) Short term loans and advances	2.18	465.91	1,190.49
(e) Other current assets	2.19	6,764.28	3,819.78
		<b>49,475.09</b>	<b>37,692.15</b>
<b>Total</b>		<b>119,713.84</b>	<b>99,201.34</b>
<b>Significant accounting policies</b>	1		
The accompanying notes are an integral part of financial statements			

As per our report of even date

for **Kumar & Giri**

Chartered Accountants

Firm Regn No. 0015845

Sd/-

**J. Bhadra Kumar**

Partner

Membership No. 25480

Place: Hyderabad

Date: April 27, 2015

For and on behalf of the Board

Sd/-

**C. Krishna Prasad**

Chairman & Managing Director

DIN: 00020180

Sd/-

**V.V.S. Murthy**

Chief Financial Officer

Sd/-

**Chaitanya Tummala**

Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

Particulars	Note No.	Year ended 31st March 2015	Year ended 31st March 2014
I. Revenue from operations	2.20	129,292.24	109,586.48
II. Other income	2.21	434.31	431.09
<b>III. Total Revenue (I + II)</b>		<b>129,726.55</b>	<b>110,017.57</b>
<b>IV. EXPENSES :</b>			
Cost of Materials consumed	2.22	76,942.80	67,131.23
Changes in inventories of finished goods and work-in-progress	2.23	(2,247.68)	(2,606.11)
Employee benefits expense	2.24	10,695.78	8,584.09
Other expenses	2.25	23,039.92	20,648.22
<b>Total</b>		<b>108,430.82</b>	<b>93,757.43</b>
<b>EBITDA</b>		<b>21,295.73</b>	<b>16,260.14</b>
Finance costs	2.26	3,234.59	2,042.73
Depreciation & Amortisation expense	2.10/2.11	5,265.10	2,981.25
<b>Total Expenses</b>		<b>116,930.51</b>	<b>98,781.41</b>
<b>V. Profit before tax (III-IV)</b>		<b>12,796.04</b>	<b>11,236.16</b>
<b>VI. Tax expense :</b>			
(1) Current tax		2,870.64	3,049.23
(2) Deferred tax		834.62	663.80
		3,705.26	3,713.03
<b>VII. Profit/ (Loss) for the period (V-VI)</b>		<b>9,090.78</b>	<b>7,523.13</b>
<b>VIII. Earnings per equity share :</b>	2.29		
(1) Basic (Face value of ₹1/- each)		4.46	3.72
(2) Diluted (Face value of ₹1/- each)		4.41	3.65
<b>Significant accounting policies</b>	1		
The accompanying notes are an integral part of financial statements			

As per our report of even date

for **Kumar & Giri**

Chartered Accountants

Firm Regn No. 0015845

Sd/-

**J.Bhadra Kumar**

Partner

Membership No. 25480

Place: Hyderabad

Date: April 27, 2015

For and on behalf of the Board

Sd/-

**C. Krishna Prasad**

Chairman &amp; Managing Director

DIN: 00020180

Sd/-

**V.V.S. Murthy**

Chief Financial Officer

Sd/-

**Chaitanya Tummala**

Company Secretary

Corporate Section

Strategic Section

Statutory Reports

Financial Statements

# CONSOLIDATED CASH FLOW STATEMENT

Particulars	(₹ in Lakhs)	
	For the year ended 31st March 2015	For the year ended 31st March 2014
<b>A Cash Flow from Operating Activities</b>		
Net Profit before tax	12,796.04	11,236.16
Adjustments for:		
Depreciation & Amortisation expense	5,265.10	2,981.25
Misc. Expenditure written off	119.65	118.35
(Profit) / Loss on sale of assets	17.80	32.91
Bad debts written off	45.84	6.50
Interest & dividend income	(145.53)	(142.37)
Interest & finance charges	3,234.59	2,042.73
<b>Operating profit before working capital changes</b>	<b>21,333.49</b>	<b>16,275.53</b>
(Increase)/decrease in Trade and other receivables	<b>(4,693.07)</b>	<b>(5,376.36)</b>
(Increase)/decrease in inventories	(5,035.32)	(2,543.00)
Increase/(decrease) in Payable & Other liabilities	6,100.30	4,816.84
<b>Cash generated from operations</b>	<b>17,705.40</b>	<b>13,173.01</b>
Direct Taxes paid	3,172.14	2,378.17
<b>Net Cash from operating activities</b>	<b>14,533.26</b>	<b>10,794.84</b>
<b>B Cash flow from Investing Activities</b>		
Purchase of fixed assets	(14,808.41)	(26,673.34)
Increase in Miscellaneous expenditure	(23.57)	(14.32)
Investments in Others	-	945.92
Proceeds from Sale of Fixed Assets	79.25	182.48
Interest/dividends received	197.47	96.09
<b>Net Cash used in investing activities</b>	<b>(14,555.26)</b>	<b>(25,463.17)</b>
<b>C Cash flow from Financing Activities</b>		
Increase/(decrease) in Working Capital Loans	2,406.09	1,544.93
Interest & finance charges paid	(3,185.72)	(2,049.71)
Increase in Share capital & Share Premium	110.57	105.30
Dividends paid (including dividend tax)	(831.24)	(469.99)
Proceeds from Long Term and other non-current borrowings	6,517.23	16,580.96
Repayment of long term loans	(2,638.98)	(1,039.00)
<b>Net Cash used in Financing Activities</b>	<b>2,377.95</b>	<b>14,672.49</b>
Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	2,355.95	4.16
Cash equivalents - Opening Balance	4,174.71	4,170.55
Cash equivalents - Closing Balance	6,530.66	4,174.71

As per our report of even date  
for **Kumar & Giri**  
Chartered Accountants  
Firm Regn No. 001584S  
Sd/-  
**J. Bhadra Kumar**  
Partner  
Membership No. 25480

For and on behalf of the Board

Sd/-  
**C. Krishna Prasad**  
Chairman & Managing Director  
DIN: 00020180

Place: Hyderabad  
Date: April 27, 2015

Sd/-  
**V.V.S. Murthy**  
Chief Financial Officer

Sd/-  
**Chaitanya Tummala**  
Company Secretary

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Significant accounting policies

#### 1.1 Principles of consolidation

The consolidated financial statements include the financial statements of Granules India Ltd., (parent company) and all of its subsidiaries in which the parent company has more than one-half of the voting power of an enterprise or where the parent company controls the composition of the board of directors. In accordance with AS 27 Financial Reporting of Interests in Joint Ventures, notified under sec 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules 2014, the Company has accounted for its proportionate share of interest in joint venture by the proportionate consolidation method

The financial statements of the parent company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Company.

The proportionate share of Company's interest in Joint Ventures is combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group transactions and resulting unrealized profits/ losses, to the extent it pertains to the Company.

SL. No	Name	Relationship
(i)	Granules USA Inc	Wholly owned subsidiary Company
(ii)	GIL Life sciences Pvt. Ltd.	Wholly owned subsidiary Company
(iii)	Granules Pharmaceuticals Inc	Wholly owned subsidiary Company
(iv)	Granules-Bioclause Pharmaceutical Co. Ltd	Joint – Venture
(v)	Granules Omnicem Pvt. Ltd.	Joint – Venture

#### 1.3 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

The consolidated financial statements are prepared applying uniform accounting policies for like transactions and other events in similar circumstances in use at the parent and subsidiary company.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements

#### 1.2 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company i.e. year ended 31st March 2015.

The Consolidated Financial Statements for the year ended 31st March 2015 have been prepared on the basis of the financial statements of the following subsidiaries and joint venture entities.

#### 1.4 Tangible Fixed Assets:

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated. Subsequent expenditure relating

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO CONSOLIDATED FINANCIAL STATEMENTS

to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

### 1.5 Depreciation on tangible fixed assets:

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Till the year ended 31st March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets which are equal to useful lives and residual values specified in Schedule II. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets.

### 1.6 Capital Work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### 1.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. All intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed periodically. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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

### 1.8 Investments:

Long-term investments and investments in subsidiary companies are carried at cost less provision for other than temporary diminution in the carrying value of each investment.

### 1.9 Valuation of Inventories:

Inventories are valued at the lower of cost and net realizable value. Net realizable value (NRV) is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of all categories of inventory is determined using weighted average cost method.

- a) Inventories of raw material, packing material, consumables and stores and spares are valued at cost as per weighted average method. Cost does not include duties and taxes that are subsequently recoverable.
- b) Cost for the purpose of finished goods and material in process is computed on the basis of cost of material, labor and other related overheads.
- c) Goods in transit are stated at costs accrued up to the date of Balance Sheet.
- d) Stocks with consignment agents are stated at costs accrued up to the date of the Balance sheet.



# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO CONSOLIDATED FINANCIAL STATEMENTS

### 1.10 Government grants:

Government grants received in the nature of promoter's contribution and where no repayment is ordinarily expected are treated as capital reserve.

to approximate the actual rate on the date of transaction; and

- The net exchange difference resulting from the translation of items in the financial statements of foreign integral operations is recognised as foreign exchange gain/ loss.

### 1.11 Foreign currency transactions and balances:

- parent company

#### (i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

The financial statements of non-integral foreign operations are translated into Indian rupees as follows:

- All assets and liabilities, both monetary and non-monetary, are translated using the closing rate;
- Items of income and expenditure are translated at the respective monthly average rates; and
- The resulting net exchange difference is credited or debited to a foreign currency translation reserve.

#### (ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

#### (iii) Exchange differences

The Company accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

- Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
- All other exchange differences are recognized as income or as expenses in the period in which they arise.

- Foreign subsidiaries & Joint Ventures

The financial statements of the foreign integral subsidiaries are translated into Indian rupees as follows:

- Items of income and expenditure are translated at the respective monthly average rates;
- Monetary items are translated using the closing rate;
- Non-monetary items are translated using the monthly average rate which is expected

### 1.12 Revenue Recognition:

- Revenue from sales is recognized when significant risk and rewards in respect of ownership of the products are transferred, recovery of the consideration is reasonably certain.
- Revenue from domestic sales is recognized on dispatch of products from the factory of the Company and in case of consignment sale, on further sale made by the agents.
- Revenue from export sales is recognized on the basis of dates of Bill of Lading.
- Revenue from sale of goods include excise duty, sales tax and is net of returns.

### 1.13 Research and development expenses:

- Research costs not resulting in any tangible property/equipment are charged to revenue as and when incurred.
- Know-how / product development costs incurred on an individual project are carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized over the period of expected future benefits from the related project, not exceeding ten years.
- The carrying value of know-how / product development costs are reviewed for impairment

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO CONSOLIDATED FINANCIAL STATEMENTS

annually when the asset is not yet in use and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

### 1.14 Employee Retirement Benefits:

- a. Defined Contributions Plan: Contributions paid/ payable to the defined contribution plan of Provident Fund for certain employees covered under the scheme are recognized in the Profit and Loss account each year.
- b. The Company makes contributions to a State operated contribution scheme for certain employees at a specified percentage of the employees' salary. The Company has an obligation only to the extent of the defined contribution.
- c. Defined Benefit Plan: Gratuity for employees is covered under a scheme of Life Insurance Corporation of India (LIC). The cost of providing the benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial gains and losses for defined benefits plan is recognized in full in the period in which they occur in the statement of profit and loss.
- d. Other long term employee benefits: Other long term employee benefits comprise of leave encashment which is provided on the basis of actuarial valuation carried out in accordance with revised Accounting Standard 15 as at the end of the year/period.

### 1.15 Borrowing costs:

Borrowing costs incurred in relation to the acquisition and constructions of assets are capitalized as part of the cost of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.

### 1.16 Income tax expense:

#### Current Tax

The Current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

#### Deferred Tax

Deferred tax charge or credit reflects the tax effects of timing difference between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been

enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future, however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets.

Deferred tax assets are reviewed at each balance sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

### 1.17 EBITDA

The Company presents earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

### 1.18 Earnings per share

The basic earnings per share (EPS) is computed by dividing the profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e., the average market value of the outstanding shares).

### 1.19 Provisions and contingent liabilities and contingent assets

#### Provisions

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

#### Contingent liabilities and contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where

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there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

impairment is recognized. The recoverable amount is the higher of the net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount factor. When there is indication that previously recognized impairment loss no longer exists or may have decreased such reversal of impairment loss is recognized in the Statement of Profit and Loss.

### 1.20 Impairment

The Company assesses at each reporting date whether there is an indication that an asset/cash generating unit may be impaired. If any indication exists the Company estimates the recoverable amount of such assets and if carrying amount exceeds the recoverable amount,

### 1.21 Leases

The Company's significant leasing arrangements are in respect of operating leases for premises that are cancellable in nature. The lease rentals under such agreements are recognized in the Statement of Profit and Loss as per the terms of the lease

## 2. Notes to Financial Statements

### 2.1 Share capital

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
<b>Authorized Share Capital</b>		
34,50,00,000 Equity Shares of par value of ₹1 each	3,450.00	3,000.00
(Previous year 3,00,00,000 Equity Shares of par value of ₹10 each)		
<b>Issued, Subscribed and Fully Paid-Up Shares</b>		
20,42,51,540 fully paid up Equity Shares of par value of ₹1/- each	2,042.52	2,028.12
(Previous year : 2,02,81,154 equity shares of ₹10 each)		
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>2,042.52</b>	<b>2,028.12</b>

#### Note:

- As per the scheme of arrangement M/s Auctus Pharma Ltd (transferor company), a wholly owned subsidiary of Granules India Limited (transferee company), was amalgamated with the Company pursuant to the Scheme sanctioned by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh, vide its order dated 23rd September 2014. Pursuant to the said order, the Authorised share capital of the transferor company was added to the Authorised share capital of the transferee company.
- The face value of the equity share of ₹10/- each of the Company was sub divided into 10 equity shares of ₹1/- each w.e.f from 24th March 2015 in terms of approval of the members of the Company in the EGM held on 27th February 2015.

#### (a) Reconciliation of the equity shares outstanding is set out below:

Particulars	As at 31st March 2015		As at 31st March 2014	
	No. of shares <sup>1</sup>	₹ in Lakhs	No. of shares	₹ in Lakhs
Number of shares at the beginning of the year	20,28,11,540	2,028.12	2,01,26,154	2,012.62
Add: Shares issued on exercise of employee stock options	14,40,000	14.40	1,55,000	15.50
Number of shares at the end of the year	20,42,51,540	2,042.52	2,02,81,154	2,028.12

### 1. Refer Note 2.1 (Note 2)

#### (b) Terms/Rights attached to equity shares:

The Company has only one class of equity shares having face value of ₹1/- . Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year end 31st March 2015, the amount of per share dividend recognized as distribution to equity shareholders was 50 paise per equity share of ₹1/- each face value (31st March 2014: ₹3.50/- per share of ₹10/- each face value)

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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. The distribution will be in proportion to the number of equity shares held by the shareholders

### (c) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31st March 2015		As at 31st March 2014	
	No. of shares (face value of ₹1/- each)	%	No. of shares (face value of ₹10/- each)	%
C. Krishna Prasad	7,47,35,380	36.59	74,73,538	36.85
Investco Management LLC	2,05,42,000	10.06	22,11,200	10.90
Ridgeback Capital Asia Limited	1,14,41,350	5.60	11,44,135	5.64

## 2.2 Reserves and Surplus

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
<b>a) Capital reserves</b>		
Opening balance	1504.93	168.53
Adjustment of Pre-acquisition reserves on acquisition of Auctus Pharma Ltd. (Pursuant to the Scheme of Scheme of Amalgamation)	(1,336.40)	-
Add: Pursuant to scheme of amalgamation (Refer Note 2.31)	286.80	1,336.40
<b>Closing Balance</b>	<b>455.33</b>	<b>1,504.93</b>
<b>b) Securities Premium Reserve</b>		
Opening balance	11,908.04	11,812.24
Add: Allotment during the year <sup>1</sup>	121.65	95.80
<b>Closing balance</b>	<b>12,029.69</b>	<b>11,908.04</b>
<b>c) Central Subsidy</b>		
Opening Balance	27.14	12.14
Add: Pre acquisition reserves on acquisition of Auctus Pharma Ltd.	-	15.00
<b>Closing Balance</b>	<b>27.14</b>	<b>27.14</b>
<b>d) Foreign Currency Translation Reserve</b>		
Opening balance	91.63	129.89
Add: Adjustment during the period	1,048.29	(38.26)
<b>Closing balance</b>	<b>1,139.92</b>	<b>91.63</b>
<b>e) General reserve</b>		
Opening balance	10,806.59	806.59
Add: Transfer from Surplus	10,000.00	10,000.00
<b>Closing balance</b>	<b>20,806.59</b>	<b>10,806.59</b>
<b>f) Surplus</b>		
Opening balance	9,204.28	12,511.63
Add: Adjustment towards loss in Statement of Profit and Loss account of Auctus Pharma Ltd. for the year 2013-14	(430.59)	-
Add: Net book value of the assets whose remaining useful life is NIL at the beginning of the year in terms of provisions of Schedule III of Companies Act 2013.	(17.00)	-
Add: Net profit after tax transferred from Statement of Profit and Loss	9,090.78	7,523.13
Amount available for appropriations	<b>17,847.47</b>	20,034.76
<b>Appropriations:</b>		
Proposed equity dividend	1,021.26	709.84
Tax on Proposed equity dividend	207.90	120.64
Dividend of previous years including dividend tax	3.15	-
Transfer to General Reserve	10,000.00	10,000.00
<b>Closing Balance</b>	<b>6,615.16</b>	<b>9,204.28</b>
<b>Total (a+b+c+d+e+f)</b>	<b>41,073.83</b>	<b>33,542.61</b>

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

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1. During the year ending 31st March 2015, the employees/directors of the Company were allotted the equity shares of the Company as follows:

Date of Allotment	No. of Shares (Refer Note 2.1 (Note 2))	Nominal Share capital (₹ in Lakhs)	Share Premium (₹ in Lakhs)	Total (₹ in Lakhs)
10-Apr-14	320,000	3.20	25.92	29.12
2-Jun-14	270,000	2.70	23.15	25.85
18-Jun-14	160,000	1.60	12.96	14.56
18-Jul-14	20,000	0.2	2.90	3.10
14-Aug-14	110,000	1.10	11.36	12.46
1-Sep-14	400,000	4.00	32.40	36.40
19-Nov-14	160,000	1.60	12.96	14.56
	<b>1,440,000</b>	<b>14.40</b>	<b>121.65</b>	<b>136.05</b>

### 2.3 Long – Term borrowings:

#### (a) Term loans

Particulars	Non-current		Current	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
Indian rupee loans from banks (Secured)	13,982.50	9,712.50	2,467.50	41.33
Foreign currency loans from banks (Secured)	6,048.00	-	-	-
Foreign currency loan from financial institutions (Secured)	10,211.45	19,830.21	2,882.82	3,027.01
<b>Total</b>	<b>30,241.95</b>	<b>29,542.71</b>	<b>5,350.32</b>	<b>3,068.34</b>

#### (b) Other Term Liabilities

Particulars	Non-current		Current	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
Finance lease obligations (Secured)	16.91	43.66	52.84	88.41
Deferred sales tax loan (Un-secured)	62.23	63.89	1.67	0.83
Creditors for capital goods	462.17	1,244.78	-	-
Retention Money	32.31	29.32	-	-
<b>Total</b>	<b>573.62</b>	<b>1,381.65</b>	<b>54.51</b>	<b>89.24</b>

The above amounts includes

Particulars	Non-current		Current	
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
Secured borrowings	30,258.86	29,586.35	5,403.16	3,156.75
Unsecured borrowings	556.71	1,338.01	1.67	0.83
Amount disclosed under the head "other current liabilities"	-	-	(5,404.82)	(3,157.58)
<b>Total</b>	<b>30,815.57</b>	<b>30,924.36</b>	<b>-</b>	<b>-</b>

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

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All secured term loans are secured by a paripassu first charge on fixed assets and a paripassu second charge on the current assets of the Company.

Out of the foreign currency loans from Financial Institutions an amount of ₹3,753.96 Lakhs as on 31st March 2015 is further guaranteed by the personal guarantee of the Chairman & Managing Director of the Company.

Deferred sales tax loan is interest free and payable in 14 yearly installments commencing from June 2013 onwards

### 2.4 Deferred Tax Liabilities

Deferred tax has been accounted for in accordance with the Accounting Standard – 22, “Accounting for taxes on income”, issued by the Institute of Chartered Accountants of India. The components of Deferred Tax Assets and Liabilities recognized in these accounts are as follows:

Particulars	(₹ in Lakhs)		
	Opening balance as on 1st April 2014	Charge/(Credit) during the period	Closing balance as on 31st March 2015
<b>Deferred tax liability</b>			
Depreciation	4,015.94	1,462.82	5,478.76
VRS	9.27	0.92	10.19
<b>Total</b>	<b>4,025.21</b>	<b>1,463.74</b>	<b>5,488.95</b>
<b>Deferred tax asset</b>			
Leave encashment	46.82	21.47	68.29
Bonus	11.70	31.42	43.12
Gratuity	70.04	35.96	106.00
Others	866.27	(522.68)	343.59
<b>Total</b>	<b>994.83</b>	<b>(433.83)</b>	<b>561.01</b>
<b>Net Deferred tax liability</b>	<b>3,030.38</b>	<b>1,897.58</b>	<b>4,927.96</b>

### 2.5 Long-term Provisions

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Gratuity	311.95	277.70
Compensated absences	206.76	118.87
<b>Total</b>	<b>518.71</b>	<b>396.57</b>

### 2.6 Short-term borrowings

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Loans repayable on demand from banks (Secured)	12,496.99	10,090.90

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

### 2.7 Trade Payables

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
<b>Payable to third parties:</b>		
Dues to micro small and medium enterprises	242.17	204.88
Others	18,630.07	13,349.57
<b>Total</b>	<b>18,872.24</b>	<b>13,554.45</b>

The list of undertakings covered under MSMDA was determined by the Company on the basis of the information available with the Company.

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

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### 2.8 Other Current Liabilities

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Interest accrued but not due on borrowings	109.08	60.21
Un claimed dividends <sup>1</sup>	16.35	13.96
Provision for employee benefits	466.29	118.67
Duties and Taxes payable	241.28	441.85
Current maturities of Long term borrowings	5,404.82	3,157.58
Others	1,499.04	985.73
<b>Total</b>	<b>7,736.86</b>	<b>4,777.99</b>

1. There are no amounts due and outstanding to be credited to the Investors Education and protection Fund.

### 2.9 Short Term Provisions

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Proposed Dividend	1,021.26	709.84
Tax on Proposed Dividend	207.90	120.64
<b>Total</b>	<b>1,229.16</b>	<b>830.48</b>

### 2.10 Tangible Assets

Particulars	(₹ in Lakhs)									
	Land Free Hold	Land Lease Hold	Buildings	Plant & Machinery	Computers	Office Equipment	R&D Equipment	Furniture & Fixtures	Vehicles	Total
<b>Cost</b>										
As at 31st March 2014	1,251.89	743.12	9,567.69	36,743.72	633.99	417.79	1,425.14	642.07	560.29	51,985.70
Additions/Adjustments <sup>2</sup>	286.80	15.32	5,888.51	11,424.41	397.77	171.89	283.45	427.91	106.28	19,002.34
Disposals	-	-	-	(366.69)	-	(0.13)	(2.88)	(0.11)	(84.16)	(453.97)
Foreign Exchange Adjustments <sup>3</sup>	-	-	378.00	1,266.34	-	-	-	-	-	1,644.34
<b>As at 31st March 2015</b>	<b>1,538.69</b>	<b>758.44</b>	<b>15,834.20</b>	<b>49,067.78</b>	<b>1,031.76</b>	<b>589.55</b>	<b>1,705.71</b>	<b>1069.87</b>	<b>582.41</b>	<b>72,178.41</b>
<b>Depreciation</b>										
As at 31st March 2014	-	-	2,235.96	11,029.88	363.92	145.27	403.39	189.00	153.19	14,520.61
Less: Adjustments <sup>4</sup>	-	-	-	1.25	-	4.86	0.20	10.69	-	17.00
Charge for the year <sup>1</sup>	-	7.66	403.90	3,797.06	151.33	89.74	105.94	113.08	69.17	4,737.88
Disposals / adjustments	-	15.32	-	(193.73)	(0.45)	0.04	(124.03)	0.91	(34.39)	(336.33)
Foreign Exchange Adjustments <sup>3</sup>	-	-	63.20	371.68	-	-	-	-	-	434.88
<b>As at 31st March 2015</b>	<b>-</b>	<b>22.98</b>	<b>2,703.06</b>	<b>15,006.14</b>	<b>514.80</b>	<b>239.91</b>	<b>385.50</b>	<b>313.68</b>	<b>187.97</b>	<b>19,374.04</b>
<b>Net Block</b>										
As at 31st March 2015	1,538.69	735.46	13,131.14	34,061.64	516.96	349.65	1,320.21	756.19	394.44	52,804.38
As at 31st March 2014	1,251.89	743.12	7,331.73	25,713.84	270.07	272.52	1,021.75	453.07	407.10	37,465.09

#### Notes:

1. Depreciation charge of ₹4,737.88 Lakhs includes amount of ₹59.27 Lakhs capitalized in Granules Omnichem Pvt. Ltd.
2. The Company has capitalized borrowing cost of ₹453.23 Lakhs during the year ended (Previous year ₹358.18 Lakhs)
3. Foreign exchange adjustments include exchange differences resulting from translation of fixed assets relating to non-integral foreign operations.
4. Net book value of the assets whose remaining useful life is NIL at the beginning of the year in terms of provisions of Schedule ii of Companies Act, 2013.



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### 2.11 Intangible Assets

(₹ in Lakhs)				
Particulars	Technical Know How	Soft ware	Intangibles	Total
Gross Block				
As at 31st March 2014	3,568.71	-	9,835.51	13,404.22
Additions	-	215.90	-	215.90
Foreign Exchange Adjustments	324.28	-	-	324.28
Adjustments pursuant to the Scheme of Amalgamation	-	-	(1,747.18)	(1,747.18)
As at 31st March 2015	3,892.99	215.90	8,088.33	12,197.22
Depreciation				
As at 31st March 2014	2,622.13	-	-	2,622.13
Adjustments pursuant to scheme of amalgamation <sup>1</sup>	-	-	21.36	21.36
Charge for the year	387.91	24.85	173.73	586.49
Foreign Exchange Adjustments	116.51	-	-	116.51
As at 31st March 2015	3,126.55	24.85	195.09	3,346.49
Net Block				
As at 31st March 2015	766.44	191.05	7,893.24	8,850.73
As at 31st March 2014	946.58	-	9,835.51	10,782.09

1. Amortization amount of intangibles relating to previous year.

### 2.12 Non-current investments

#### 1) Trade investments (valued at cost unless stated otherwise):

Investments in Equity Instruments

(₹ in Lakhs)		
Particulars	As at 31st March 2015	As at 31st March 2014
<b>a) Other trade Investments (Unquoted)</b>		
Jeedimetla Effluent Treatment Ltd (15,142 equity share of ₹100/- each including 1,040 shares at a premium of ₹50/- each)	15.66	15.66
Patancheru Envirotech Ltd (34,040 equity shares of ₹10/- each)	3.41	3.41
<b>Sub Total (a)</b>	<b>19.07</b>	<b>19.07</b>
<b>b) Quoted equity instruments</b>		
Ipca Labs Ltd (50 shares of ₹10/- each, market value of ₹638.55/- as on 31st March 2015)	0.07	0.07
<b>Sub Total (b)</b>	<b>0.07</b>	<b>0.07</b>
<b>Grand Total (a)+(b)</b>	<b>19.14</b>	<b>19.14</b>
Aggregated investment of Quoted investments	0.07	0.07
Aggregated investment of unquoted investments	19.07	19.07
Market value of quoted investments	0.32	0.42

### 2.13 Long-term loans and advances (Unsecured & Considered good)

(₹ in Lakhs)		
Particulars	As at 31st March 2015	As at 31st March 2014
a) Capital Advances	3.47	37.42
b) Security deposits	682.44	427.60
c) Advance Tax including MAT credit (net of provision for tax)	1,393.56	(31.72)
<b>Total</b>	<b>2,079.47</b>	<b>433.30</b>

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

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### 2.14 Other Non-Current Assets

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Amalgamation adjustment account (Refer Note 2.31(F))	15.00	-
<b>Unamortized expenditure</b>		
VRS Expenses	168.60	255.58
Ancillary costs	98.06	98.16
<b>Total</b>	<b>281.66</b>	<b>353.74</b>

### 2.15 Inventories (valued at lower of cost or net realizable value)

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
a) Raw Materials & Packing Material	9,758.72	7,220.15
b) Raw Material Inventory at Bonded Ware House	1,178.93	1,143.27
c) Work-in-progress	3,589.71	2,549.49
d) Finished goods	5,906.16	4,698.72
e) Materials in transit	518.85	789.25
f) Stores & Spares and Loose Tools	1,499.27	1,015.46
<b>Total</b>	<b>22,451.66</b>	<b>17,416.34</b>

### 2.16 Trade receivables (Unsecured)

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
a) Outstanding for a period exceeding 6 months considered good	870.06	656.27
b) Others considered good	12,392.52	10,434.56
<b>Total</b>	<b>13,262.58</b>	<b>11,090.83</b>

### 2.17 Cash and cash equivalents

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
i) Cash on Hand	18.51	12.59
ii) Balance with Banks in Current Accounts		
a) On current accounts	1,019.57	1,588.84
b) Unclaimed Dividend account	16.35	13.96
c) Held as margin money for Letter of Credits, Bank Guarantees & Fixed Deposits	5,476.23	2,559.32
<b>Total</b>	<b>6,530.66</b>	<b>4,174.71</b>

### 2.18 Short term Loans and Advances (unsecured and considered good)

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Staff Advance	0.05	0.88
Prepaid Expenses	442.66	348.70
Security Deposits	23.20	-
Others	-	840.91
<b>Total</b>	<b>465.91</b>	<b>1,190.49</b>

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

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### 2.19 Other Current assets

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Balances with Excise Authorities	2,626.67	2,034.23
CST claim receivable from VSEZ	716.51	405.72
Other Receivables	2,744.52	521.38
Sales Tax receivable	525.46	645.43
Interest accrued but not due	26.05	77.98
Discount Receivable	-	0.96
Unamortized expenditure		
VRS Expenses	122.00	114.26
Preliminary Expenses	3.07	19.82
<b>Total</b>	<b>6,764.28</b>	<b>3,819.78</b>

### 2.20 Revenue from operations

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Sale of Products		
- Exports	105,439.72	93,101.98
- Domestic	27,348.97	18,570.74
	<b>132,788.69</b>	<b>111,672.72</b>
Less: Excise Duty & Sales Tax	3,496.45	2,086.24
<b>Net sales</b>	<b>129,292.24</b>	<b>109,586.48</b>

### 2.21 Other Income

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Interest income	145.53	117.53
Dividend income	-	24.84
Other operating Revenue	284.67	126.30
Subsidy received	2.42	21.42
Insurance Claims received	1.69	141.00
<b>Total</b>	<b>434.31</b>	<b>431.09</b>

### 2.22 Cost of Material Consumed

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Inventory at the beginning of the year	7,220.15	6,084.83
Add : Purchases	81,179.16	68,266.55
	<b>88,399.31</b>	<b>74,351.38</b>
Less: Inventory at the end of the year	11,456.51	7,220.15
<b>Cost of Material Consumed</b>	<b>76,942.80</b>	<b>67,131.23</b>

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO CONSOLIDATED FINANCIAL STATEMENTS

### 2.23 (Increase)/Decrease in Work-in-Process and Finished goods

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
<b>Inventories at the beginning of the year</b>		
Work-in-Progress	2,549.49	1,196.73
Finished Goods	4,698.72	3,445.37
<b>Total</b>	<b>7,248.21</b>	<b>4,642.10</b>
<b>Less : Inventories at the end of the year</b>		
Work-in-Progress	3,589.71	2,549.49
Finished Goods	5,906.18	4,698.72
	<b>9,495.89</b>	<b>7,248.21</b>
<b>Net (Increase)/Decrease in Work-in-Process and Finished goods</b>	<b>(2,247.68)</b>	<b>(2,606.11)</b>

### 2.24 Employee Benefit Expenses

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
i) Salaries and wages	9,861.50	8,032.45
ii) Contribution to PF and other funds	292.38	163.21
iii) Staff welfare expenses	541.90	388.43
<b>Total</b>	<b>10,695.78</b>	<b>8,584.09</b>

### 2.25 Other Expenses

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Power & Fuel	4,573.19	3,670.04
Effluent Treatment expenses	691.65	501.03
<b>Repairs &amp; Maintenance</b>		
- Plant & Machinery	2,087.33	1,563.50
- Buildings	212.45	159.22
- Others	170.86	118.72
Consumables & Lab Chemicals	561.09	433.14
Analytical Fees	172.13	101.24
Other Manufacturing expenses	404.61	154.95
<b>Manufacturing Expenses Total :</b>	<b>8,873.31</b>	<b>6,702.12</b>
Freight Outward & Clearing Charges	5,098.29	5,274.38
Research & Development Expenses	960.96	937.56
<b>Other Expenditure :</b>		
Sales Commission	1,378.49	1,413.39
Discount Allowed	197.26	1,199.50
Travelling Expenses	1,091.52	725.72
Communication Expenses	147.08	128.34
Consultancy charges	1,345.04	540.32
Directors Remuneration	212.10	142.10
Director Sitting Fee	16.58	16.78
Insurance	304.48	298.42
Printing & Stationery	143.33	97.65
Repairs & Maintenance - Others	58.59	145.38
Business Promotion Expenses	449.65	592.96
Auditors Remuneration	27.79	18.21
Rates & Taxes	395.51	447.93
Rent	319.36	270.91

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Sundry Expenses	512.83	328.40
Advertisement Charges	46.07	23.73
Donations	50.94	6.07
Loss on Sale of Assets	17.80	32.91
Managerial Commission	1,238.03	1,180.61
Provision for doubtful debts	35.26	6.50
Miscellaneous Expenses	119.65	118.35
<b>Other Expenses Total :</b>	<b>8,107.36</b>	<b>7,734.16</b>
<b>Total</b>	<b>23,039.92</b>	<b>20,648.22</b>

### 2.26 Finance Cost

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Interest on Term loan	1,804.73	607.73
Interest on Working Capital	908.51	825.06
Interest Others	83.83	38.40
Bank Charges	437.52	571.54
<b>Total</b>	<b>3,234.59</b>	<b>2,042.73</b>

### 2.27 Segment reporting: The Company has only one business segment of "Pharmaceuticals":

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
<b>Revenue</b>		
i) Sale (Net of Excise Duty)		
Within India	23,852.51	13,368.31
Outside India	1,05,442.20	96,218.17
ii) Other Income		
Within India	296.32	364.75
Outside India	137.99	66.34

### 2.28 Related party disclosures required as per Accounting Standard (AS-18) on "Related party disclosures" issued by the Institute of Chartered Accountants of India, are as below:

#### a) Names of related parties and the description of relationship:

Name	Relationship
<b>Key Management Personnel:</b>	
Mr. C. Krishna Prasad	Chairman & Managing Director
Mr. Harsha Chigurupati	Executive Director
Ms. C. Uma Devi	Executive Director
Mr. VVS. Murthy	Chief Financial Officer
Ms. Chaitanya Tummala (w.e.f. 28/07/2014)	Company Secretary
<b>Others:</b>	
Mr. Vijay Ramanavarapu	GM-Procurement
Ms. C. Priyanka	Manager- Marketing
Ms. Shivangi Sharma (separated from 28/07/2014)	Company Secretary
Ms.VVN Chandrika	Executive
Karvy Computershare Pvt. Ltd.	Directors interest
Tyche Technologies Pvt. Ltd	Directors interest

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO CONSOLIDATED FINANCIAL STATEMENTS

b) Transaction with other company in which director interested

### Karvy Computershare Pvt. Ltd.

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
<b>Transactions during the Year :</b>		
Services	3.77	2.95
<b>Amounts outstanding at Balance Sheet Date</b>		
Amount payable for services	-	-

### Tyche Technologies Pvt. Ltd

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
<b>Transactions during the year :</b>		
Services	42.56	40.15
<b>Amounts outstanding at Balance Sheet Date</b>		
Advance paid	44.58	49.55

a) Transactions with other related parties:

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Mr. C. Krishna Prasad, Chairman&Managing Director	737.60	674.64
Remuneration & Commission		
Dr. C. Nageshwar Rao, Chairman	-	1.45
Sitting fee		
Mr. Harsha Chigurupati, Executive Director	147.52	138.01
Remuneration & Commission		
Mrs. C. Uma Devi, Executive Director	590.08	535.77
Remuneration & Commission		
Mr. Vijay Ramanavarapu (upto 31/7/2014)	15.03	35.09
Salary		
Mr. VVS. Murthy	118.52	76.76
Salary		
Ms. Priyanka	11.84	11.64
Salary		
Ms. Shivangi Sharma (separated from 28/7/2014)	7.64	9.39
Salary		
Ms. Chaitanya Tummala	16.01	-
Salary		
Ms. VVN Chandrika	1.92	1.01
Salary		

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO CONSOLIDATED FINANCIAL STATEMENTS

### 2.29 Earnings per Share – Basic and Diluted: \*

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
Net profit for the year (₹ Lakhs)	9,090.78	7,523.13
Basic:		
Weighted average number of shares outstanding during the year	203,842,526	202,241,680
Basic earnings per share (₹)	4.46	3.72
Diluted:		
Weighted average number of shares outstanding during the year	206,063,456	206,141,680
Diluted earnings per share (₹)	4.41	3.65
Nominal value of shares (₹)	1.00	1.00

\* With effect from 24th March 2015, face value of the Company's Equity share has been subdivided from ₹10/- each to 10 (ten) Equity Shares of ₹1/- each fully paid-up. In compliance with Accounting Standard 20 – Earnings per Share (EPS), the Company has given effect to the said sub-division of shares in computing the earnings per share for all comparative periods.

### 2.30 Summary of Joint Venture Financials

The Company has two joint ventures with 50% interest in both the joint ventures Viz., Granules-Bioclause Pharmaceutical Co. Ltd in Jingmen, China and Granules Omnicem Pvt., Ltd., in Vizag, Andhra Pradesh, India.

The aggregate amount of assets, liabilities, income and expenses related to the Company's share in both JVs are given below:

#### Balance Sheet (extract)

Particulars	(₹ in Lakhs)	
	As at 31st March 2015	As at 31st March 2014
Long term borrowings	6,085.99	8,000.08
Fixed assets	12,135.84	9,821.68
Deferred Tax asset (Net)	49.24	56.56
Inventories	1,583.84	1,534.63
Trade receivables	955.81	1,955.94
Cash and bank balances	1,046.12	1,569.06
Short term loans and advances	8.56	1.90
Other Current assets	2,543.33	343.75
Short term borrowings	1,010.04	966.15
Trade payables	1,801.54	731.84
Other Current liabilities	1,785.38	705.73

#### Statement of Profit and Loss Account

Particulars	(₹ in Lakhs)	
	FY 2014-15	FY 2013-14
<b>Income</b>		
Sales	11,108.36	13,134.40
Other Income	137.99	65.04
<b>Expenditure</b>		
Material costs	7,724.23	9,351.76
Employee Benefit Expense	1,168.03	1,583.35
Other expenses	1,889.33	1,587.76
Finance costs	139.05	113.63
Depreciation	303.56	291.81
Profit Before Tax	22.15	271.13
Tax Expense	2.84	61.19
Profit After Tax	19.31	209.95



# SIGNIFICANT ACCOUNTING POLICIES AND NOTES

## TO CONSOLIDATED FINANCIAL STATEMENTS

**2.31** The Scheme of amalgamation submitted by Auctus Pharma Ltd (APL), a wholly owned subsidiary of the Company, was sanctioned by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh vide its order dated 23rd September 2014 and the same has been filed with the Registrar of Companies (RoC), on 13th November 2014. The Scheme is effective from 1st April 2013 (i.e. appointed date).

- a) The Company has taken over the assets valued at ₹17,861.01 Lakhs and liabilities aggregating to ₹7,348.69 Lakhs of APL, based on fair valuation performed by an independent valuer.
- b) As the financial statements of the Company for previous year ended 31st March 2014 were already approved by the shareholders of the Company, the previous year balances (i.e for FY 2013-14) are not restated and all the relevant accounting entries with respect to the Scheme are accounted for on 1st April 2014 and consequently, the surplus in the Statement of Profit and Loss as on 31st March 2014 of APL has been transferred to the opening reserve (Refer note 2.2.f) of the Company.

- c) The entire issued, subscribed and paid up share capital and reserves and surpluses (except statutory reserves of the APL), after the appointed date stand cancelled. Accordingly, investment by the Company in APL amounting to ₹10,225.51 Lakhs has been cancelled along with all other inter-company balances including loans, advances outstanding.
- d) The excess of fair value of assets over the liabilities after adjusting value of the investments in APL, amounting to ₹286.80 Lakhs has been recognized as capital reserve.
- e) No consideration is payable or receivable on implementation of the Scheme as the Scheme involves a wholly owned subsidiary
- f) Investment subsidy of ₹15 Lakhs of APL will continue in Reserves & Surpluses even after amalgamation and the same amount is being shown under Other Non-Current Assets as "Amalgamation adjustment account".

### 2.32 Pending litigations with various authorities:

Name of the statute	Nature of dues	₹ in Lakh	Period for which the amount relate	Forum where dispute is pending
The Customs Act, 1962	Duty demand on Imports under DEEC	32.57	1993-94	High Court, Andhra Pradesh
The Customs Act, 1962	Duty demand on export obligations	10.90	1993-94	Commissioner of Customs, Chennai
Finance Act 1994	Penalty on Service Tax matters	89.37	2002-07	CESTAT, Bangalore
Finance Act 1994	Disallowance of CENVAT Credit	6.04	2012-13 & 2013-14	Commissioner, Central Excise, Hyderabad
The Central Excise Act, 1944	Duty and Penalty on CENVAT availment	199.55	2006-09	CESTAT, Bangalore
The Income Tax Act, 1961	Tax demand on transfer pricing & other matters	1059.60*	2007-08, 2008-09 & 2009-10	ITAT, Hyderabad
The Income Tax Act, 1961	Tax demand on transfer pricing & other matters	122.83	2006-07	CIT(Appeals), Hyderabad
The Central Excise Act, 1944	Disallowance of CENVAT Credit	27.21 <sup>®</sup>	2012-13 & 2013-14	Commissioner, Central Excise, Visakhapatnam.

\* in respect of the Tax demand of ₹ 354.39 lakh pertaining to the Asst. Year 2008-09, ITAT has disposed off the appeal in favour of the company, the consequential order on the same is pending to be passed by the Transfer Pricing Officer.

<sup>®</sup> Pertains to Auctus Pharma Limited which was amalgamated with the company during the year.

**2.33** Previous year's figures have been regrouped / reclassified wherever necessary to confirm to current year's classification.

**2.34** 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

Firm Regn No. 001584S

Sd/-

**J. Bhadra Kumar**

Partner

Membership No. 25480

For and on behalf of the Board

Sd/-

**C. Krishna Prasad**

Chairman & Managing Director

DIN: 00020180

Sd/-

**V.V.S. Murthy**

Chief Financial Officer

Sd/-

**Chaitanya Tummala**

Company Secretary

Place: Hyderabad

Date: April 27, 2015

## FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/joint ventures

Part "A" : subsidiaries

(₹ in Lakhs)

Name of the Subsidiary	Granules USA Inc.,	Granules Pharmaceuticals Inc.,	Granules Life Sciences Pvt. Ltd.
1. Reporting period	31st March 2015	31st March 2015	31st March 2015
2. Exchange rate as on the last date of the financial year	INR 62.57/USD	INR 62.57/USD	NA
3. Share capital	116.31	1,225.00	294.62
4. Reserves & Surplus	49.57	21.74	-
5. Total Assets	11,823.92	1,564.11	305.51
6. Total Liabilities	11,658.03	317.38	10.89
7. Investments	-	-	-
8. Turnover	17,774.91	-	-
9. Profit/(loss) before taxation	(41.70)	21.74	-
10. Provision for taxation	(0.88)	-	-
11. Profit/(loss) after taxation	(40.82)	21.74	-
12. Proposed Dividend	-	-	-
13. % of shareholding	100%	100%	100%

### Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Joint ventures

Part "B": Joint Ventures

(₹ in Lakhs)

Name of Joint Ventures	Granules Biocause Pharmaceuticals Co., Ltd.,	Granules Omnicem Pvt. Ltd.,
1. Latest audited Balance sheet date	31st March 2015	31st March 2015
2. Shares of Joint ventures held by the company on the year end		
i) Number	16500000	42880967
ii) Amount of Investment in Joint Venture	1819.03	3,773.10
iii) Extend 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	4,151.77	3,610.51
6. Profit/loss for the year		
i) Considered in Consolidation	83.06	(63.74)
ii) Not considered in Consolidation	83.06	(63.74)

For and on behalf of the Board

Sd/-

**C. Krishna Prasad**

Chairman & Managing Director

DIN: 00020180

Sd/-

**V.V.S. Murthy**

Chief Financial Officer

Sd/-

**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 24<sup>th</sup> Annual General Meeting (AGM) of Granules India Limited will be held on Thursday, August 13, 2015 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, 2015 together with the Report 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, 2015.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Kolli Basava Sankar Rao (DIN: 05167550), who retires by rotation and being eligible offers himself for re-appointment.
4. To ratify the re-appointment of Auditors and to 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 the provisions of sections 139(1), 139(9) and 142(1) and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under, re-appointment of M/s Kumar & Giri, Chartered Accountants, Firm of Chartered Accountants registered vide Firm Registration No. 001584S as statutory Auditors for the FY 2015 - 16 whose appointment as Statutory Auditor of the Company for a period of three years subject to ratification of such appointment in each Annual General Meeting for the succeeding year was approved in the 23<sup>rd</sup> Annual General Meeting is hereby ratified in this Annual General Meeting till conclusion of next Annual General Meeting, with remuneration as may be decided by the Board of Directors.

**SPECIAL BUSINESS:**

5. To re-appoint Mr. Harsha Chigurupati as an Executive 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 including the approval of the Central Government, the consent of the members be and is hereby accorded for the re-appointment of Mr. Harsha Chigurupati (holding DIN 01606477), as an Executive Director of the Company for a period of five years effective from 1<sup>st</sup> August, 2015 @ ₹ 5,00,000/- per month inclusive of all perquisites and allowances aggregating to ₹ 60 lakhs per annum and in addition, commission on net profits provided however, that the said salary, commission and all perquisites together shall not exceed 1(one) percent of the net profits of the Company calculated in accordance with the procedure laid down under section 198 of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the aggregate of above salary, perquisites and allowances 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.

**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 Mr. Harsha 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** Mr. Harsha Chigurupati, Executive 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 adopt Articles of Association of the Company duly altered and substituted containing regulations in line with the provisions of the Companies Act, 2013 read with Rules and Table F made there under, 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 Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), regulations contained in the Articles of Association of the Company duly altered and substituted be and are hereby approved and adopted by replacing the existing Articles with the new set of Articles.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

7. To issue warrants on preferential basis to the promoter of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to the provisions of the Companies Act, 2013 including Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended ("ICDR Regulations"), and any other Rules / Regulations / Guidelines, if any, prescribed by the Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges and/or any other statutory / regulatory authority, the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of the appropriate authorities, institutions or bodies as may be required, and subject to such conditions as may be prescribed by any of them while granting any such approval(s), consent(s), permission(s), and/or sanction(s), and 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 any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the consent of the members be and is hereby accorded to create, offer, issue and allot and deliver in one or more tranches on preferential basis not exceeding 40,95,230 ( forty lakh ninety five thousand two hundred and thirty only) warrants, convertible into 40,95,230 ( forty lakh ninety five thousand two hundred and thirty only) equity shares of the Company, of the face value of Re.1/- each, to Mr. C. Krishna Prasad, Chairman and Managing Director and promoter of the company, for cash which shall upon conversion will rank pari-passu with the existing equity shares of the Company, at such price and in such form and manner and upon such terms and conditions as the Board may in its absolute discretion deem fit, in accordance with the ICDR Regulations and other applicable laws and regulations provided however, that the price arrived at stated above shall not be less than the price arrived at as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009 as amended from time to time .

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the issue of warrants shall be subject to the following terms and conditions apart from others as the Law prescribe.

- i. An amount equivalent to 25 per cent of the Issue Price shall be payable at the time of subscription to and allotment of each warrant and the balance 75 per cent of the Issue Price shall be payable by the warrant holder upon exercise of the entitlement attached to warrant(s) to subscribe for Equity Share(s). The amount paid against warrants shall be adjusted / set off against the Issue Price payable for the resultant Equity Shares.
- ii. In accordance with the provisions of ICDR Regulations, the "Relevant Date" for the purpose of calculating the price of Equity Shares to be issued in terms hereof shall be 14<sup>th</sup> July, 2015, being the date 30 days prior to the date of this Annual General Meeting scheduled on 13<sup>th</sup> August, 2015.
- iii. Each warrant will be converted into one equity share of ₹ 1/- in one or more tranches within a period of eighteen months from the date of its allotment and on such other terms and conditions and further subject to ICDR Regulations, as may be applicable, from time to time.
- iv. In the event, the right to apply for shares against warrants is not exercised within the time prescribed as above, the entitlement of the warrant holder to apply for shares along with the rights attached to such

warrants shall expire and the amounts paid by the warrant holder on such warrants shall stand forfeited.

- v. That the warrants by itself until exercised and equity shares against the same are allotted do not give any rights with respect to the shareholders to the holders of the warrants.
- vi. The equity shares issued pursuant to the exercise of the option by the warrant holder shall be locked in as prescribed under chapter VII of SEBI (ICDR) Regulations, 2009 as amended from time to time.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable and expedient for such purpose, including without limitation, to issue and allot Equity Shares upon exercise of the entitlement attached to warrants, issuing certificates / clarifications, effecting any modifications or changes to the foregoing (including modification to the terms of the issue), entering into contracts, arrangements, agreements, documents (including for appointment of agencies, intermediaries and advisors for the Issue), in connection therewith and incidental thereto as the Board in its absolute discretion deem fit without being required to seek any fresh approval of the shareholders of the Company and to settle all questions, difficulties

or doubts that may arise in regard to the offer, issue and allotment of the warrants and utilisation of proceeds of the warrants, take all other steps which may be incidental, consequential, relevant or ancillary in this connection and that the decisions of the Board shall be final, binding and conclusive in all respects.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred by above resolutions to any Director or to any Committee of Directors or any other executive(s) / officer(s) of the Company or any other person as the Board at its discretion deem appropriate, to do all such acts, deeds, matters and things as also to execute such documents, writings, etc as may be necessary to give effect to the aforesaid resolution.

By Order of the Board  
For GRANULES INDIA LIMITED

Sd/-

**CHAITANYA TUMMALA**  
Company Secretary

Hyderabad, June 20, 2015

## 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. 17. 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. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to Special Businesses to be transacted at the Meeting is annexed hereto.
5. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
6. 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.
7. 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.

8. Relevant documents referred to in the accompanying Notice and the Statement 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.
9. 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 ended	Due date of transfer
30/06/2008	18/01/2016
31/03/2009	24/10/2016
31/03/2010	26/10/2017
31/03/2011	17/10/2018
31/03/2012	08/08/2019
31/03/2013	25/09/2020
31/03/2014	04/10/2021

10. a) The Company has notified closure of Register of Members and Share Transfer Books from Friday, August 07, 2015 to, August 13, 2015 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
- (b) The Board of Directors of the Company at their Meeting held on April 27, 2015 has recommended a dividend of 50 paise per share on equity share of ₹ 1/- each as final dividend for the FY 2014 - 15. Dividend, if declared, at the Annual General Meeting, will be paid on or before September 12, 2015.
11. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of 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.
12. 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.

13. 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.
14. 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.
15. 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.
16. The annual report for the FY 2014 - 15 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](http://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 FY 2014-15, free of cost, upon sending a request to the Company Secretary at 2<sup>nd</sup> Floor, 3<sup>rd</sup> Block, My Home Hub, Madhapur, Hyderabad 500 081.
17. 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 Clause 35B of the Listing Agreement, 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. August 6, 2015.
- 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. August 6, 2015 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. August 6, 2015, 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 DPID 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://](https://evoting.karvy.com)
- 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](mailto: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 August 10, 2015

End of remote e-voting : Up to 5.00 p.m. (IST) on August 12, 2015

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](http://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. August 13, 2015.



# EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following statements set out the material facts concerning the special business proposed to be transacted at the Annual General Meeting as mentioned in the accompanying Notice.

## ITEM NO. 5:

Mr. Harsha Chigurupati has been with Granules since 2005 and served as CMO from 2006-2010. During his tenure as CMO, Mr. Harsha has implemented various new initiatives and strategies to strengthen the Marketing Department. Mr. Harsha has been focused on proactive business development by strengthening the Company's geographic presence by entry into new markets on the one hand, and penetrating deeper into the existing ones on the other. Mr. Harsha has contributed to enhancement of Company's presence in the global market, particularly, the regulated markets.

In view of his expertise and managerial abilities, Mr. Harsha was appointed as an Executive Director by the members in the 19<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September 2010 for a period of five years w.e.f. 1st August 2010. The current term of office of Mr. Harsha as an Executive Director expires on 31<sup>st</sup> July 2015. 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 Mr. Harsha as an Executive Director of the Company for a further period of 5 (five) years effective from 1st August 2015. The re-appointment of Mr. Harsha is appropriate and in the best interest of the Company for the results shown and the efforts made by him to the improvement of the sales more particularly the expansion of markets abroad. The approval of the members is being sought to the terms and conditions of the re-appointment of Mr. Harsha as an Executive Director and the remuneration payable to him. However, there is no change in the proposed remuneration. The re-appointment of Mr. Harsha as an Executive Director is subject to necessary approvals including the approval of the Central Government.

In the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr. Harsha, 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 Mr. Harsha Chigurupati as an Executive Director of the Company for a period of five years commencing from 1<sup>st</sup> August 2015.

The Board recommends the Special Resolution set forth in Item No. 5 for approval of the Members.

Mr. C. Krishna Prasad, Chairman and Managing Director, Mrs. C. Uma Devi, Executive Director and Mr. Harsha Chigurupati, 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:

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013. Several regulations of the existing AoA of the Company require alteration or deletions consequent upon the Companies Act, 2013 coming in to force. Given this position, it is considered necessary and expedient to alter and substitute the existing AoA with a new set of Articles wherever necessary so as to place the AoA of the Company in line with the provisions of the Companies Act, 2013 read with Rules and Table F made thereunder.

The new AoA proposed to be substituted in place of the existing AoA are based on Table 'F' of the Act and the provisions of the Companies Act, 2013 and Rules made there under and the same sets out the Regulations and Articles of the Company.

The proposed new draft AoA is available on the Company's website [www.granulesindia.com](http://www.granulesindia.com) for perusal by the Members and a copy of the same is also available for inspection at the Registered Office of the Company during business hours till the date of the Annual General Meeting.

The Board recommends the Special Resolution set forth in Item No. 6 for approval of the Members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 of the Notice.

## ITEM NO. 7:

Keeping in view the capex requirements, the Company has been exploring various options for raising funds including the raising of funds by enhancing the capital. Raising of funds up to ₹ 250 crores by issue of equity shares through Qualified Institutional Placement was approved by the members in the Extra-Ordinary General Meeting held on February 27,

2015. Another option considered appropriate by the Board of Directors of the Company, at its meeting held on 20<sup>th</sup> June, 2015, subject to approval of the members by passing a Special Resolution in the proposed Annual General Meeting, is to further enhance its equity base by issue of not exceeding 40,95,230 (forty lakh ninety five thousand two hundred and thirty only) warrants by way of a preferential issue to Promoters, at a price as may be arrived at in accordance with the ICDR Regulations.

The other disclosures in accordance with the Companies Act, 2013, the ICDR Regulations and the other applicable provisions of law, in relation to the above said Special Resolution set out in the accompanying Notice are as follows:

1. The objects of the Preferential issue: To augment long term resources of the Company for meeting capex requirements.

Category of shareholders	Pre-Allotment Holding		Post-Allotment Holding	
	Total Number of Shares	% of Total Voting Rights	Total Number of Shares	% of Total Voting Rights
Promoter and Promoter Group	9,92,47,200	48.47	10,33,42,430	49.48
Financial Institutions /Banks	3,50,082	0.17	3,50,082	0.17
Foreign Institutional Investors	56,16,149	2.74	56,16,149	2.69
Foreign Bodies Corporate	2,12,83,350	10.39	2,12,83,350	10.19
Domestic Bodies Corporate	97,78,894	4.78	97,78,894	4.68
Non-Resident Indians	53,70,658	2.62	53,70,658	2.57
Others	6,31,15,207	30.82	6,31,15,207	30.22
<b>Total</b>	<b>20,47,61,540</b>	<b>100.00</b>	<b>20,88,56,770</b>	<b>100.00</b>

4. Proposed time within which the Preferential Issue shall be completed: The allotment of warrants shall be completed within a period of 15 days from the date of passing of the resolution by the Members.
5. Relevant Date and Pricing of the Issue: In accordance with the provisions of SEBI (ICDR) Regulations, the "Relevant Date" for the purpose of calculating the price of warrants shall be July 14, 2015, being the date 30 days prior to the date of this Annual General Meeting scheduled on August 13, 2015.

The Price at which such warrants may be exercised over a period of eighteen months from the date of allotment shall be the price determined by the Board of Directors as per Regulation 76 of the SEBI (ICDR) Regulations, 2009.

6. Auditors' Certificate: A copy of certificate from the Statutory Auditors of the Company certifying that the above issue of the warrants is being made in accordance with the SEBI (ICDR) Regulations, shall be placed before the Members of the Company at the Annual General Meeting and will also be open for inspection by the Members during business hours till the date of the Annual General Meeting.
7. The identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them

2. Name(s) of the Promoters/Directors /Key management personnel who would subscribe to the warrants: Mr. C. Krishna Prasad, Chairman and Managing Director & Promoter of the Company, has proposed to subscribe to all the warrants as discussed above under preferential issue and accordingly, the company proposes to make preferential issue of warrants to Mr. C. Krishna Prasad.

Letter of intent from the aforesaid proposed allottee agreeing to subscribe to the offer has been received.

3. The Shareholding pattern before and after the Preferential Issue: The shareholding pattern of the Company pre and post the preferential allotment of warrants is given below:

and change in control, if any, in the Company consequent to the preferential issue:

Warrants shall be allotted to Mr. C. Krishna Prasad, Chairman and Managing Director & Promoter of the Company. Mr. C. Krishna Prasad and his family members shall directly /indirectly hold 49.48 percent of the post preferential issue of equity capital of the Company.

There will be no change in the control or composition of the Board of the Company consequent to the said Preferential Issue.

Save and except the Preferential Issue as proposed in the resolution as set in the accompanying Notice, the Company has made no other issue or allotment of securities on preferential basis during the year.

8. Lock-in:
  - i) Equity shares allotted pursuant to exercise of options attached to warrants shall be locked-in for a period of three years as specified in ICDR Regulations. Such locked-in Equity Shares may however be transferred to and amongst the Promoters / Promoter Group subject to the provisions of ICDR Regulations.
  - ii) The entire pre-preferential allotment shareholding of the above allottee, if any, shall be locked-in from

the Relevant Date up to a period of six months from the date of preferential allotment.

9. General:

- i) An amount equivalent to 25 per cent of the issue price of the Equity Shares shall be payable at the time of subscription of warrants.
- ii) The holder of warrants will be entitled to apply for and be allotted, in one or more tranches, 1 (one) Equity Share of ₹1/- each of the Company per warrant at any time after the date of allotment thereof but within eighteen months of allotment of warrants.
- iii) Upon exercise of the right to subscribe for Equity Shares, the warrant holder shall be liable to make the payment of balance sum, being 75 per cent of the issue price, towards subscription to each Equity Share, as may be applied. The amount paid against warrants shall be adjusted / set off against the issue price of the resultant Equity Shares.
- iv) In the event of entitlement attached to warrants to subscribe for Equity Shares is not exercised within the period as mentioned above, the same shall lapse and the amount paid on the warrants shall stand forfeited.
- v) Upon receipt of the payment as above, the Board (or a Committee thereof) shall allot one Equity Share per warrant duly appropriating ₹ 1/- towards Equity Share capital and the balance amount paid against each warrant towards the securities premium.
- vi) The warrant by itself does not give to the holder thereof any rights of the shareholders of the Company till the entitlement to apply for shares is exercised by the warrant holder and shares are allotted to him against the warrants by the company.

- vii) The Equity Shares to be issued and allotted by the Company on exercise of the warrants in the manner aforesaid shall be in dematerialised form and subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividend, with the then existing Equity Shares of the Company and be listed on stock exchanges where the Equity Shares of the Company are listed.

10. The Company undertakes that if required, the price shall be recomputed in terms of the provision of the ICDR Regulations. The company further undertakes that if the amount payable upon the re-computation is not paid within the stipulated time as mentioned in the ICDR Regulations, the specified securities shall continue to be locked in till such amount is paid by the allottee.

The Board at its meeting held on June 20, 2015 has approved the issue and allotment of warrants on preferential basis in the manner stated hereinabove.

Pursuant to the provisions of section 62 of the Companies Act, 2013 and Regulation 72(1)(a) of the ICDR Regulations, the above Preferential Issue requires approval of Members by way of a Special Resolution. The Board, therefore, recommends the above mentioned resolution set forth in Item No. 7 to be passed as a Special Resolution.

Mr. C. Krishna Prasad, Chairman and Managing Director, Mrs. C. Uma Devi, Executive Director and Mr. Harsha Chigurupati, Executive Director along with their relatives being Promoters of the Company 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.

## PROFILE OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

Name of Director	Mr. Harsha Chigurupati	Mr. Kolli Basava Sankar Rao
Date of Birth	05.09.1983	10.01.1954
Date of Appointment	26.07.2010	19.02.2013
Relationship with other Directors	Son of Mr.C.Krishna Prasad, Chairman and Managing Director	-
Expertise in specific functional area	Wide experience in medical and pharmaceutical field.	Wide experience in medical and pharmaceutical field.
Qualification	B.BA	M. Pharm
Board membership of other Indian Companies	1. GIL Lifesciences Pvt. Ltd.	Raje Retail Private Limited
	2. Chigurupati Technologies Pvt. Ltd	
	3. Tyche Technologies Pvt. Ltd	
Chairman/member of the committee of the Board of Directors of the Company	Nil	Business Review Committee – Member QIP Committee –Member Remuneration Committee –Member w.e.f.27.04.2015
Chairman / member of the committees in other companies in which he is a Director	Nil	NIL
Number of shares held in the company	26,77,660 equity shares of ₹ 1/- each	36, 66, 950 equity shares of ₹ 1/- each

Mr. C. Krishna Prasad, Mrs. C. Uma Devi 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 relationships between the other board members and Key Managerial Personnel.

[illegible]



**Granules India Limited**

(CIN: L24110TG1991PLC012471)

Regd. Office: 2nd Floor, 3rd Block, My Home Hub, Madhapur,  
Hyderabad - 500 081 (TS)

**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 13<sup>th</sup> day of August, 2015 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**

(CIN: L24110TG1991PLC012471)

Regd. Office: 2nd Floor, 3rd Block, My Home Hub, Madhapur,  
Hyderabad - 500 081 (TS)**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 13th day of August, 2015 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:

S. No	Resolutions	For	Against
1.	Consider and adopt Audited financial statement, Report of Board of Directors and Auditors.		
2.	Declaration of final dividend @50% on equity shares.		
3.	Re-appointment of Mr. Kolli Basava Sankar Rao who retires by rotation.		
4.	Ratification of re-appointment of Auditors and fixing their remuneration.		
5.	Re-appointment of Mr. Harsha Chigurupati as an Executive Director.		
6.	Alteration of Articles of Association in line with the Companies Act, 2013.		
7.	Issue of warrants to Mr. C. Krishna Prasad on preferential basis.		

Signed this ..... day of..... 2015.

Signature of shareholder .....Signature of Proxy holder(s) .....

Affix  
Revenue  
Stamp

**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**



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. C. Krishna Prasad**, 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**, Executive Director – Non-Independent

**Mrs. Uma Devi Chigurupati**, Executive Director – Non-Independent

**Mr. K.B. Sankar Rao**, Director – Non-Executive, Non-Independent

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## CHIEF FINANCIAL OFFICER

**Mr. VVS Murthy**

## CHIEF OPERATING OFFICER

**Mr. B. Madhusudan Rao**

## CHIEF MARKETING OFFICER

**Mr. Stefan Lohle**

## 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  
D. No. 1-11-126/D, Opp. Aeroview Towers,  
Begumpet, Hyderabad (TS) – 500 016

## 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 & SHARE TRANSFER AGENT

Karvy Computershare Pvt. Ltd.  
Karvy Selenium  
Tower B, Plot number 31 & 32, Financial District  
Gachibowli, Hyderabad 500 008 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:**

CIN: L24110TG1991PLC012471


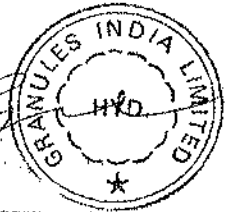
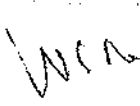
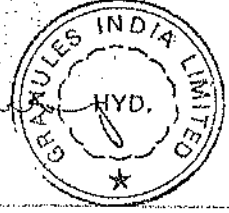

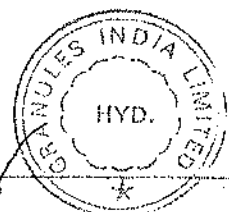
2nd Floor, 3rd Block My Home Hub, Madhapur, Hyderabad- 500 081 (TS)

Ph: 91-40-30660000, Fax: 91-40-23115145, E-mail: [investorrelations@granulesindia.com](mailto:investorrelations@granulesindia.com)

[www.granulesIndia.com](http://www.granulesIndia.com)

# FORM A

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchange

1	Name of the Company	Granules India Limited
2	Annual financial Statement for the year ended	31 <sup>st</sup> March 2015
3	Type of Audit Observation	Unqualified
4	Frequency of Observation	Not applicable
5	Signed by	
	Chairman & Managing Director	  C. Krishna Prasad
	Chief Financial Officer	  VVS Murthy
	Audit Committee Chairman	  L. S. Sarma
	Auditors of the Company	
	Refer our Audit Report dated April 27, 2015 on the financial statement of the Company, attached	