



Granules India Limited

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Dated July 9, 2012

The Manager
Listing Department
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051

Fax: 022 – 26598237/38

Dear Sir,

Sub: Draft minutes of 21st Annual General Meeting

Ref: Listing Agreement

Symbol: GRANULES

With reference to the captioned subject, please find enclosed the draft minutes of the 21st Annual General Meeting of Granules India Limited held on July 2, 2012.

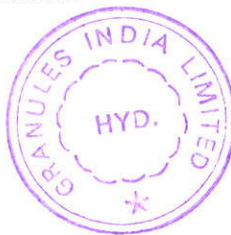
Request you to take the above on record.

Thanking you,

Yours faithfully,

FOR, GRANULES INDIA LIMITED


(SHIVANGI SHARMA)
COMPANY SECRETARY &
COMPLIANCE OFFICER



Encl: as above

MINUTES OF THE TWENTY FIRST ANNUAL GENERAL MEETING OF THE COMPANY, M/S GRANULES INDIA LIMITED HELD ON MONDAY, THE 2nd DAY OF JULY 2012 AT 4.00 P.M. AT “CYAN HALL”, HOTEL MARIGOLD, AMEERPET, HYDERABAD (AP) – 500 016

PRESENT ON THE DIAS:

1. Dr. C. Nageswara Rao	Chairman & Member
2. Mr. L.S.Sarma	Director & Member Chairman of the Audit Committee
3. Mr. A.P. Kurian	Director & Member
4. Mr. C. Parthasarathy	Director
5. Mr. A. Arun Rao	Director & Member
6. Mr. C. Krishna Prasad	Managing Director & Member
7. Mr. Harsha Chigurupati	Whole Time Director & Member
8. Mr. Uma Devi Chigurupati	Additional Director & Member
9. Dr. A. Bhaskar Krishna	Chief Executive Officer
10. Mr. VVS Murthy	Chief Financial Officer
11. Ms. Shivangi Sharma	Company Secretary

STATUTORY AUDITORS:

M/s. Kumar & Giri Represented by Mr. J. Bhadra Kumar,
Partner

INTERNAL AUDITORS:

M/s.Dhanunjaya & Prabhakar Represented by Mr. A. Dhanunjaya Kumar,
Partner

And other members and proxy holders as per Attendance Register of Members and Proxy holders.

1. Chairman

Dr. C. Nageswara Rao, Chairman of the Company, took the Chair.

2. Welcome

The Chairman formally extended a very warm welcome to the shareholders and special invitees to the Twenty First Annual General Meeting.

3. Quorum

The Chairman announced that 4 (four) valid proxies has been received by the Company and thereafter declared that the required quorum for the meeting was present, hence the formal proceedings of the meeting could commence.

4. Notice convening the 21st Annual General Meeting

The Chairman informed that the Notice convening the 21st Annual General Meeting along with the Balance Sheet as at 31st March 2012 and the Profit & Loss Account and the Cash Flow Statement for the year ended 31st March 2012 and the Auditors Report and the Report of the Board of Directors together with the Corporate Governance Report and Management Discussion and Analysis Report have already been dispatched to the members and with the permission of the members the same was taken as read.

5. Chairman's Speech

The Chairman in his speech emphasized the achievements of the Company during the fiscal year, being the strongest year in the Company's history. The Chairman informed the members that during the fiscal year, the sales grew by 38% to Rs. 654 crores, which was one of the highest growth rates in the Indian pharma sector, continuing the long trend of Granules outperforming the industry. The Chairman further stated that over the past five years, the Company has grown its sales by 28% per year, which is twice as fast as the industry average. During the year, the profit before tax grew by 61%, which is significantly higher than sales growth which was due to focused approach on operational efficiency, increased productivity, increase in formulation sales, customer ramping up orders and working more closely with leading pharmaceutical companies, which value service and quality instead of just price.

The Chairman highlighted that the last fiscal year was rewarding and in the next several weeks, the expansion of PFI and Finished Dosage capacities at Gagillapur facility will also be completed. The PFI capacity will be doubled to 18,000 tons, which will consolidate the Company's position as the largest PFI manufacturer in the world. In addition, the Finished Dosage capacity is being tripled to 18 billion tablets, which is one the largest single-site facilities in the world. The Chairman further informed that since the expansions are being done within an existing facility, further regulatory approvals are not required. The overheads will not increase in the same proportion resulting in the increase of profit margins.

The Chairman stated that the Company's Joint Venture, Granules OmniChem Private Limited, is continuing to move forward and has received strong feedback from the industry. The construction of facility at Vizag is expected to be completed within a year. The Joint Venture will give Granules access to high-value APIs including products in oncology and cardiovascular and will also help to manufacture finished dosages for these products, which will provide a strong boost to revenue and profitability.

The Chairman further said that the Company is on the verge of entering the upper levels of Indian pharma and will be recognized as one of the premier companies in the industry. He thanked the dedicated team who has worked

extremely hard to make last year a successful one and who continue working for our ongoing success and also fellow members of the Board for their guidance and vision throughout the last year. He also thanked customers, suppliers, bankers, auditors, consultants and other business associates and shareholders for their continued confidence and commitment to the Company.

6. Auditors Report

The Company Secretary thanked the Chairman for the speech and proceeded with the reading of Auditors Report. With the permission of the shareholders, the Auditors Report was taken as read. Thereafter the Company Secretary requested queries from the shareholders. The queries were suitably replied by Directors to the satisfaction of the shareholders.

7. Books and Statutory Registers

The Company Secretary informed that the Register of Directors shareholding, Register of members, Register of transfer of shares, along with other statutory books, as required under the provisions of the Companies Act, 1956 have been kept at the meeting and are open for inspection to the members.

Thereafter, the Chairman asked the Company Secretary to transact the business of the meeting.

The Company Secretary then put before the shareholders the following resolutions for their consideration:

ORDINARY BUSINESS:

Agenda No. 1: Consideration and Adoption of Annual Accounts for 2011 – 2012.

The Company Secretary took the matter for consideration of Annual Accounts i.e. Balance Sheet as on 31st March 2012, Profit & Loss Account and Cash Flow Statement for the year ended 31st March 2012 along with the Report of the Board of Directors and the Corporate Governance Report and the Auditors Report thereon. Thereafter the resolution was

Proposed by: Mr. Kamal Kishore, Client ID No. IN300239-11608345

Seconded by: Mr. M. Subba Rao, Client ID No. IN300239-30033787

“RESOLVED THAT the Audited Balance Sheet as at March 31st, 2012 and the Profit & Loss account for the period ended as on that date along with the Reports of the Board of Directors together with the Report on Corporate Governance and Auditors thereon, be and are hereby approved and adopted”.

The Chairman asked the members to raise questions, if any. There were no questions on the accounts, therefore the resolution was put for voting. All members voted in favor of the resolution and none against.

The Chairman declared that the resolution was passed unanimously as an Ordinary Resolution.

Agenda No. 2: Declaration of Dividend.

The Company Secretary appraised that the Board has proposed to pay dividend @ Rs. 2 per share (20%) on the fully paid up equity shares of Rs. 10 each to the equity shareholders of the Company during the year 2011-12. Thereafter the resolution was:

Proposed by: Mr. K.G. Gupta, Client ID No. 1201090000684412

Seconded by: Mr. Rajesh M Paryani, Client ID No. IN300159-10212242

“RESOLVED THAT pursuant to the recommendation of the Board of Directors, the final dividend of 20% on the Equity share capital of the Company for the financial year 2011 – 2012 be and is hereby declared and the same be paid to the shareholders whose names appear in the Register of Members and to the beneficiary holders as per the beneficiary list provided by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on June 25th, 2012.”

The Chairman put the resolution for voting. All members voted in favor of the motion and none against.

The Chairman declared that the resolution was passed unanimously as an Ordinary Resolution.

Agenda No. 3: Re-appointment of Dr. C. Nageswara Rao as Director of the Company.

Dr. C. Nageswara Rao, was interested in the matter, therefore the Directors present, unanimously appointed Mr. L. S. Sarma to conduct the proceedings as Chairman. Thereafter the resolution was:

Proposed by: Mr. Shantilal C Shah, Client ID No. IN301022-10203367

Seconded by: Mr. K.G. Gupta, Client ID No. 1201090000684412

“RESOLVED THAT Dr. C. Nageswara Rao be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

The Chairman put the resolution for voting. All members voted in favor of the resolution.

The Chairman declared that the resolution was passed unanimously as an Ordinary Resolution.

Agenda No. 4: Re-appointment of Dr. Krishna Murthy Ella as Director of the Company.

Dr. C. Nageswara Rao resumed the proceedings of the meeting as Chairman. Thereafter the resolution was:

Proposed by: Mr. Ramesh Shankar Golla, Client ID No. 1203150000101508

Seconded by: Mr. Suresh Chand Jain, Client ID No. 1205140000085968

“RESOLVED THAT Dr. Krishna Murthy Ella be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

The Chairman put the resolution for voting. All members voted in favor of the resolution and none against.

The Chairman declared that the resolution was passed unanimously as an Ordinary Resolution.

Agenda No. 5: Appointment of M/s. Kumar & Giri, as Statutory Auditors of the Company.

The resolution was:

Proposed by: Mr. N.V. Bhaskar Reddy, Client ID No. IN300394-12386287

Seconded by: Mr. Savithri Bussa, Client ID No. IN302734-10043899

“RESOLVED THAT pursuant to the provisions of section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Kumar & Giri, Chartered Accountants, Hyderabad with Firm Registration No. 001584S be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration as may be mutually agreed to between the Board of Directors and M/s. Kumar & Giri, plus out of pocket expenses, in connection with the work of audit to be carried out by them.”

The Chairman put the resolution for voting. All members voted in favor of the resolution and none against.

The Chairman declared that the resolution was passed unanimously as an Ordinary Resolution.

SPECIAL BUSINESS:

Agenda No. 6: Consideration of appointment of Mr. Joby Varughese John, who was appointed as an Additional Director by the Board w.e.f October 17, 2011, to hold that office up to date of ensuing Annual General Meeting.

The resolution was:

**Proposed by: Mr. Shantilal C Shah, Client ID No. IN301022-10203367
Seconded by: Mr. Venkatesh Kavikondala, Client ID No. IN300669-10186582**

“RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) thereto or any re-enactment thereof for the time being in force, Mr. Joby Varughese John who was appointed as an Additional Director by the Board w.e.f. October 17, 2011, in terms of provisions of section 260 of the Companies Act, 1956 and Articles of Association of the Company and whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

The Chairman put the resolution for voting. All members voted in favor of the resolution and none against.

The Chairman declared that the resolution was passed unanimously as an Ordinary Resolution.

Agenda No. 7: Consideration of appointment of Mrs. Uma Devi Chigurupati, who was appointed as an Additional Director by the Board w.e.f May 31, 2012, to hold that office up to date of ensuing Annual General Meeting.

Dr. C. Nageswara Rao, being interested in the Agenda nos. 7, 8, 9 and 10, therefore the Directors unanimously appointed Mr. L. S. Sarma to conduct the further proceedings as Chairman of the meeting.

The Chairman took up the matter for appointment of Mrs. Uma Devi Chigurupati as Director, who was appointed as an Additional Director by the Board w.e.f May 31, 2012 to hold that office upto date of Annual General Meeting. Thereafter the resolution was:

Proposed by: Mr. Sri Govindlal Sharma, Client ID No. IN301022-20410458

Seconded by: Mr. Rajkumar Khandelwal, Client ID No. 1205450000043115

The Chairman put the resolution for voting, but Ms. Poornima Gopoji, a proxy appointed by one of the Shareholders M/s ISP Investco LLC holding 22,11,200 paid up equity shares of the Company representing 11.02% of the total paid up capital, opposed the proposed resolution and demanded poll for voting of the resolution.

The Chairman accepted the proposal to put the resolution for approval by poll and decided to conduct the poll at 5.30 PM. Thereafter, Mr. VVS Murthy to represent the Company, Mr. K. Subba Rao and Mr. Shantilal C. Shah to represent the shareholders, were appointed scrutinizers for conducting the poll and for submission of their report to the Chairman for declaration of the result.

The meeting was adjourned for item no. 7 upto 5.30 PM for conducting poll.

With the consent of the members, the Chairman took the remaining business as per notice of the meeting.

Agenda No. 8: Appointment of Mrs. Uma Devi Chigurupati as an Executive Director

The Chairman informed that the matter concerning appointment of Mrs. Uma Devi Chigurupati as an Executive Director of the Company can't be taken up unless her appointment as Director is approved by the members by passing an Ordinary Resolution. Hence this agenda will be taken up subsequent to passing of the resolution under item no. 7.

Thereafter, Ms. Poornima Gopoji, a proxy appointed by one of the Shareholders M/s ISP Investco LLC holding 22,11,200 paid up equity shares of the Company representing 11.02% of the total paid up capital demanded poll for voting of the resolution under item no. 8 also.

Thereafter, the Chairman decided to conduct the poll for Agenda item nos. 7 & 8 together at 5.30 PM by the aforesaid scrutinizers.

The meeting was adjourned for item no. 8 upto 5.30 PM for conducting poll.

Agenda No. 9: Consideration of appointment of Ms. Priyanka Chigurupati to the place of profit in pursuant to section 314 of the Companies Act, 1956.

The resolution was:

Proposed by: Mr. Wali UR, Client ID No. 1204340000047288

Seconded by: Mr. L. Srinivasu, Client ID No. IN302863-10026472

“RESOLVED THAT pursuant to the provisions of section 314 and all other applicable provisions of the Companies Act, 1956, including any statutory modification(s) or re-enactment, thereof and subject to such approvals, permissions and sanctions, if any required, the consent of the Company be and is hereby accorded to Ms. Priyanka Chigurupati, relative of Directors to hold an office or place of profit under the Company as “Manager – Business Development” or with such other designation as the Board of Directors of the Company may, from time to time decide, upon an initial remuneration of Rs. 12,00,000 (rupees twelve lacs) per annum with effect from July 1, 2012 as under:

Salary Structure Per Annum

Basic Salary:	Rs. 4,80,000 per annum
House Rent Allowance:	Rs. 1,92,000 per annum
Conveyance Allowance:	Rs. 9,600 per annum
Education Allowance:	Rs. 9,600 per annum
Special Allowance:	Rs. 4,54,800 per annum
Medical Reimbursement:	Rs. 18,000 per annum
Leave Travel Allowance:	Rs. 36,000 per annum

Total Rs. 12,00,000 per annum

“RESOLVED FURTHER THAT the Board be and is hereby authorized to elevate Ms. Priyanka Chigurupati to higher cadre and / or grant her increments as per the policies of the Company subject to such increment not exceeding 20% per year or such other percentage as the policies of the Company may permit but the overall remuneration with the increments from time to time shall not exceed Rs. 30,00,000 (rupees thirty lacs) per annum, inclusive of all components.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all necessary consequential actions and steps as may be required to give effect to the above resolution.”

The Chairman put the resolution for voting. All members voted in favor of the resolution and none against.

The Chairman declared that the resolution was passed unanimously as Special Resolution.

Agenda No. 10: To consider revision in remuneration of Mr. Vijay Ramanavarapu in terms of Section 314 of the Companies Act, 1956

The resolution was:

Proposed by: Mr. S. Gopala Krishna Murthy, Client ID No. IN301549-15512575

Seconded by: Mr. M. Mohan Reddy, Client ID No. IN301397-10011193

“RESOLVED THAT pursuant to provisions of section 314 and other applicable provisions, if any, of the Companies Act, 1956 including statutory modification or re-enactment thereof, the Director’s Relatives (Office or Place of Profit) Rules, 2003 and as approval accorded by the Board of Directors at their meeting held on April 24, 2012 and subject to such further approvals including the approval of Central Government, as may be required, the consent of the Company be and is hereby accorded for revision of remuneration of Mr. Vijay Ramanavarapu, relative of Directors which was fixed at Rs. 32,00,000 (thirty two lacs) per annum inclusive of all with effect from October 1, 2011 by granting him increments not exceeding 20% per annum as per the policies of the Company or such higher percentage as may be permitted by the policies of the Company but the remuneration with increments granted to him from time to time shall not exceed Rs. 50,00,000 (fifty lacs) per annum, inclusive of all.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to promote him to higher cadre and / or sanction him increments within the said cadre or higher cadre as and when the Board of Directors deem fit, subject, however to the rules and regulations of the Company in force, from time to time, including with the approval of the Central Government, as may be required, pursuant to the provisions of section 314 and other applicable provisions of the Companies Act, 1956.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take, perform and execute such further steps, acts, deeds and matters as may be necessary, proper and expedient to give effect to this resolution.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to agree to such modification and / or variation as may be suggested by the Central Government while granting its approval.”

The Chairman put the resolution for voting. All members voted in favor of the resolution and none against.

The Chairman declared that the resolution was passed unanimously as Special Resolution.

The members re-assembled for conducting the poll at 5.30 PM to take the Agenda item nos. 7 & 8 for appointment of Mrs. Uma Devi Chigurupati as Director and thereafter as an Executive Director of the Company at the Adjourned Meeting.

The Scrutinizers proceeded to conduct the secret poll for Agenda item nos.7 & 8 of the Meeting, which was adjourned.

After due verification, the Scrutinizers distributed ballot papers to all members and to proxy holders attending the meeting and requested to cast their secret votes in the Ballot Box kept at the meeting place.

On completion of the poll, the Scrutinizers submitted their duly signed report to the Chairman pertaining to Agenda item no. 7 & 8 and on that basis the Chairman informed that:

Particulars	Number of Shareholders / Proxy Holders	No. of Shares
Total number of Ballots polled	62	10,678,601
Valid Ballots	60	10,678,601
Invalid Ballots	2	No. of shares not mentioned
Votes Polled in favour	59	8,467,401
Votes Polled against	1	2,211,200
Grand Total		10,678,601

On the basis of the poll results, the Chairman declared that the following resolution pertaining to Agenda item no. 7 has been passed with requisite majority as an Ordinary Resolution:

“RESOLVED THAT pursuant to the Articles of Association of the Company and provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) thereto or any re-enactment thereof for the time being in force, Mrs. Uma Devi Chigurupati who was appointed as an Additional Director by the Board with effect from May 31, 2012, in terms of provisions of section 260 of the Companies Act, 1956 and Articles of Association of the Company and whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director of the

Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Thereafter, on the basis of the poll results, the Chairman declared the following resolution pertaining to Agenda no. 8 has been passed with requisite majority as Special Resolution:

“RESOLVED THAT in accordance with the provisions of sections 198, 269 and 309 read with section 349 & 350 and further read with schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such approvals and consents as may be necessary, the consent of the members be and is hereby accorded for appointment of Mrs. Uma Devi Chigurupati as an Executive Director of the Company, for a period of 5 (five) years with effect from May 31, 2012, on the following terms and conditions:

Mrs. Uma Devi Chigurupati shall be paid remuneration partly by way of monthly salary and partly by way of commission on net profit calculated as per section 349 & 350 read with section 198 and 309 of the Companies Act, 1956 but subject to the aggregate remuneration to be paid to Mrs. Uma Devi Chigurupati shall not exceed 4% of the net profit of the Company calculated as stated above.

Mrs. Uma Devi Chigurupati shall be paid the remuneration, within the above limits as follows:

Salary

Rs. 24,00,000 (twenty four lacs) per annum

The following perquisites and allowances shall form part of the total salary of Rs. 24,00,000 (2 lacs per month) per annum as under:

- i) Reimbursement of medical expenses – Rs.18,000 per annum
- ii) Leave Travel Allowance – Rs.72,000 per annum
- iii) Provision of car with reimbursement of driver’s salary and fuel expenses subject to a maximum of Rs. 2,40,000 per annum
- iv) Reimbursement of insurance premium for coverage under Personal Accident Policy (self & dependants)
- v) Reimbursement of insurance premium for coverage under Mediclaim Policy (self & dependants).
- vi) Gratuity to be calculated however, at a rate not exceeding half month’s salary for each completed year of service.

“RESOLVED FURTHER THAT the aggregate of above salary, perquisites, allowances and commission taken together shall be subject to the overall

ceilings laid down under section 198 and 309 read with schedule XIII to the Companies Act, 1956.”

“RESOLVED FURTHER THAT notwithstanding anything contained hereinabove, where in any financial year during the currency of this appointment, the Company has no profits or its profits are inadequate, Mrs. Uma Devi Chigurupati shall be paid remuneration not exceeding the maximum limits permissible under schedule XIII to the Companies Act, 1956 as minimum remuneration or such other limits as may be prescribed by the Government from time to time as minimum remuneration subject to consents and approvals as may be required under law.”

“RESOLVED FURTHER THAT Mrs. Uma Devi Chigurupati 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 take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Since there was no other business to transact, thereafter the Company Secretary proposed vote of thanks.

The Company Secretary thanked all the Directors for having given their valuable time and for being a part of this meeting, thanked all the members for their active participation and also thanked the bankers, financial institutions, customers, suppliers and employees for their support and co-operation during the year and declared the meeting as closed.

Place:

Date:

CHAIRMAN