



BUILDING A RESILIENT AND RESPONSIBLE FUTURE

Integrated Report
2021-22

Table of Contents

CEO's Message	04	Financial Capital	27
About the Report	06	Manufactured Capital	29
Performance Highlights	08	Intellectual Capital	32
Awards and Recognition	09	Social and Relationship Capital	35
About Laurus Labs	13	Human Capital	39
Products	14	Natural Capital	44
Our Governance Framework	16	Unit wise ESG KPIs for FY 2021-22	49
An Integrated Approach to Risk Management	18	Creating value in a changing world	50
Our Sustainability Strategy	21	GRI Index	52
Value Creation Model	24	Independent Assurance Statement	55
Creating value through our capitals	26		





CEO's Message



Dr. Satyanarayana Chava
Founder & Chief Executive Officer

I am pleased to share with you an update on the Environmental, Social and Governance (ESG) performance of our Company for the year 2021-22. There was a peak of uncertainty around the impact of the COVID-19 pandemic during the last couple of years but we are elated to state that our business has become truly stronger when our purpose was put to the test during these unprecedented times. With heads held high and standing tall, we have conducted ourselves responsibly, true to our vision- to deliver excellence to our people and our respected stakeholders across the globe.

Empowering patients with high-quality affordable medicines

With an unwavering focus on quality and affordability, we have successfully commercialized over 60 products since our inception. Continuous innovation and dedicated R&D enabled us to strengthen our anti-retroviral, oncology and hepatitis C drugs amongst others. We believe that access to quality healthcare and medicines is a fundamental right of every individual and it is of the utmost priority that we make that possible for the people who are in need. During this year, we have witnessed disparities in the availability of COVID-19 medicines. Currently, we have joined hands with MPP (Medicine Patient Pool) for the manufacturing of the oral COVID-19 antiviral medication Molnupiravir to increase the availability of COVID-19 medications.

Delivering consistent and profitable outcomes meeting shareholder expectations

We have reported an annual revenue of ₹ 4,936 crore despite

the uncertainties and the pandemic-related impacts. The positive financial outcomes reflect our unvarying efforts towards reinforcement and diversification of our business and products in the global API market. During this year, we have improved our focus on non-antiretroviral active pharmaceutical ingredients and formulations, and high-growth contract development and manufacturing segments. In addition, with a resilient supply chain and excellent delivery capabilities, we upraised our economic outcomes and business performance, meeting shareholder expectations.

Establishing an enabling environment for the people

Our strategic approach is based on long-term business expectations. We actively engage with all of our stakeholders including customers, patients, suppliers, regulators, partners and most importantly, our valuable assess- our workforce to chalk out our goals and work towards our vision. Over the years we have excelled at creating exceptional work environments for our workforce with a specific focus on their physical, emotional, environmental and social wellbeing. That being said, it is an honour to be championing a company that has been certified as a 'Great place to work' for the fourth consecutive year.

We contribute to the socioeconomic development of the communities in which we operate in a way that is consistent with the nature, size of our operations and the impacts that our business has on them. We further our commitment to the basic rights we believe everyone should be entitled to via our community initiatives. Our community initiatives are

focused on four thrust areas such as the right to health, education, environment conservation and rural development. To community partners, it is a privilege to collaborate with you on our various enabling projects. We are delighted to learn that our community initiatives have uplifted many people across our operational sites and I am confident that this year we will be one step ahead.

Actualizing actions for environmental prosperity

Our efforts show our commitment to protecting the natural environment we operate and live in. As a positive step towards a sustainable transition to a greener tomorrow, we have conducted the first physical climate risk assessment on all our facilities. Our focus will continue to remain on setting climate change impact mitigation targets in alignment with the Science Based Targets initiative (SBTi) framework.

For the people, together

I acknowledge each of our colleagues and workforce who contributed to our financial and organizational longevity. I thank the leadership and shareholders for their continued support and contributions to building this company for the people. I appreciate the unexceptional dedication and commitment all of our stakeholders provided throughout the last year. We are devoted to our purpose of improving the quality of life of people and we are ready to embark on a new journey this year- Together.

Thank you.

Dr. Satyanarayana Chava

Founder & Chief Executive Officer

About the Report

The Integrated Report 2021-22 serves the purpose of providing a holistic overview of Laurus Labs vision and approach towards value creation, stakeholder empowerment and environmental and societal sustainability. The report is developed on the principles of the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework (<IR> Framework), the Global Reporting Initiative Universal Standards (GRI Universal Standards) applying the "core" option, ESG Sustainability ratings and stakeholder expectations, with linkages drawn to the National Voluntary Guidelines (NVG) on Social, Environmental and Economic responsibilities of our business. Further, in our endeavor to report the sustainability progress of Laurus Labs, we continue to support global initiatives such as the UN Sustainable Development Goals (UN SDGs).

We've expanded the scope of boundaries this year to include our sustainability efforts across all our offices and the R&D center in Hyderabad along with the manufacturing units in Visakhapatnam. The required data for energy, waste management, materials, and environmental impact has been obtained from Units- 1,2,3,4,5,6 and R&D.

The report focuses on the key performance areas and initiatives undertaken across our material issues. We conducted a four-phase materiality assessment and analyzed the potential ESG issues that could impact Laurus Labs' operations and stakeholders in its value chain. The materiality was conducted by taking into consideration the multiple reporting standards and peers. The GRI Index towards the end of the report maps the content

provided to the GRI Standards enhancing the credibility and transparency of the reported information.

Scope and Boundary of the Report

The information in this report relates to the financial and non-financial aspects of Laurus Labs' performance. The first

part of the report provides an overview of the company and its products, governance framework, sustainability strategy and an integrated approach to risk management. The second part provides information on the six capitals- financial capital, manufactured capital, intellectual capital, social and relationship capital, human capital, and natural capital.



Cautionary Statement

We (Laurus Labs) fully acknowledge that this Integrated Report is a fair representation of our Company's financial, non-financial, operational and sustainability performance for the reporting year of 2021-22. The Board acknowledges that the contents of this report have been assimilated in consultation

with various business functions and have been developed under the guidance of the senior management of the company and the respective functional heads.

Resilient and Responsible

This year Laurus Labs has commenced scope 3 emissions accounting across all its units to better manage the physical

and transition risks associated with the company's value chain, set credible and comprehensive decarbonisation goals and catalyze them across the entire value chain. We are also in process to become an SBTi (Science Based Targets Initiative) signatory and are taking adequate steps to reduce our GHG emissions in line with climate science.



Performance Highlights

<p>16,640 MT</p> <p>Hazardous waste recycled</p>	<p>5.36 MT</p> <p>Non- hazardous waste recycled</p>	<p>216,146 MWh</p> <p>Total non- renewable energy consumed</p>
<p>880 MWh</p> <p>Total renewable energy consumed</p>	<p>1.31 Million m³</p> <p>Water consumed</p>	<p>Scope 1- 132,250 t CO₂</p> <p>Scope 2- 163,134 t CO₂</p> <p>Scope 3- 65,014 t CO₂</p> <p>GHG Emissions</p>
<p>INR 202 Crore</p> <p>R&D spent as 4 %age to sales</p>	<p>790</p> <p>Scientists at our R&D centres</p>	<p>315</p> <p>Patents filed</p>
<p>184</p> <p>Patents granted</p>	<p>60+</p> <p>Products commercialized since Inception</p>	<p>7</p> <p>New products added</p>
<p>10</p> <p>Approved product dossiers</p>	<p>302</p> <p>Customers served</p>	<p>64,337</p> <p>Total man-hours of training</p>
<p>INR 11.7 Crore</p> <p>CSR expenditure</p>	<p>50% (4 out of 8)</p> <p>Independent directors on Board</p>	<p>12</p> <p>DMFs filed in FY 2021-2022</p>

Awards and Recognition



Dr. Satyanarayana Chava, Founder & CEO, is E&Y, Entrepreneur of the Year 2021, in Healthcare and Life Sciences Segment



Laurus Labs won the Economic Times 'Corporate Excellence Awards', conferred personally by Mrs. Nirmala Sitaraman, Honourable Finance Minister, Govt of India, Mr. Rajnath Singh, Honourable Minister for Defence, Govt of India, and Mr. Vineet Jain, MD, Times Group.



Dr. Satyanarayana Chava, Founder & CEO Laurus Labs is Business Today 's India's Best CEO, Pharma & Health Care. Dr.Chava received the award from Honourable Minister for Commerce & Industry, Consumer Affairs, Food & Public Distribution, Textiles Mr. Piyush Goyal & Mr. Arun Purie Chairman & Editor in Chief India Today Group, in New Delhi.



Dr. Satyanarayana Chava, Founder & CEO, Laurus Labs was conferred an honorary doctorate degree from renowned Vignan University, Guntur, Andhra Pradesh for his contributions to the pharmaceutical and biotechnology fields in FY 22.







Dr Satyanarayana Chava, Founder and CEO, Laurus Labs, has listed in the World's elite list of 2000 Forbes Billionaires ranks.



Dr. Satyanarayana Chava, Founder & CEO, Laurus Labs, recognized as one of India's Best Leaders in Times of Crisis 2021



Mr Narasimha Rao Chava, our Senior Vice President, HRD was awarded the prestigious HR Leader Award for his untiring efforts in overseeing the implementation of best-of-breed HR practices across the organization.

	<p>Great Place To Work</p> <ul style="list-style-type: none"> Laurus Labs Limited has been awarded “Great Place to Work” for the fourth consecutive year among India’s best workplaces in the Biotechnology and Pharmaceutical sector. Dr. Satyanarayana Chava, Founder and CEO has been awarded as one of India’s Best Leaders in Times of Crisis, 2021. Mr Narasimha Rao Chava, Senior Vice President- HRD won the “HR Leader award”, as a recognition of his ‘Commitment to Creating a Great Place to Work’.
	<p>Sakshi Business Excellence Awards</p> <ul style="list-style-type: none"> Dr. Satyanarayana Chava, Founder & CEO won the award for “Business Person Of The Year”, for the year 2019-20
	<p>The Economic Times Corporate Excellence Award</p> <ul style="list-style-type: none"> Dr.Satyanarayana Chava, Founder & CEO, Laurus Labs Limited, received the Economic Times Corporate Excellence Award for the “Emerging Company Of The Year, 2021”.
	<p>Honorary doctorate, Vignan University</p> <ul style="list-style-type: none"> Dr Satyanarayana Chava, Founder & CEO was conferred with honorary doctorate by renowned Vignan University, Guntur, Andhra Pradesh. The doctorate was conferred as a recognition of his contributions to pharma and biotechnology fields.

About Laurus Labs



Laurus Labs Unit-2

We are an innovative research-driven pharmaceutical and biotechnology company that develops cost-effective and quality medicines aiming to enhance health outcomes for patients with a continuous focus on quality, access and affordability.

Our vision is to become a leading player in offering integrated solutions to global pharmaceutical needs in creating a healthier world.

Our mission is to constantly strive for innovation to enhance quality and to provide affordable integrated pharmaceutical solutions to facilitate wellness and well-being across the globe.

We are a fully integrated pharmaceutical and biotechnology company, with a leadership position in Active Pharmaceutical Ingredients (APIs) in selected high-growth therapeutic areas with a major focus on anti-retroviral, Hepatitis C, and oncology drugs. Today, we are one of the leading suppliers of APIs in the anti-retroviral (ARV) therapeutic area for multinational pharmaceutical companies across different parts of the globe. We are thriving on growth opportunities starting from manufacturing to service to all leading markets of North America, Europe, and Low Middle-Income Countries (LMIC). Driving growth opportunities in contract development and manufacturing through our synthesis business, we support drug development and manufacturing programmes for global pharmaceutical and biotech companies at all stages, i.e., from the preclinical stage to commercialisation.

Knowledge, innovation, excellence, care and integrity are the values we always stand by. We seek to constantly learn and improve in our business to stand out from the crowd and strike out new paths to go further. We always aim to scale new peaks in everything we do ranging from innovating our products and services to maintaining quality in the existing ones. We are diligent and sensible towards the health of our patients and customers and always take a stand for the right thing.

At Laurus Labs, we operate under four business units covering a wide range of therapeutic applications. Such as the development and manufacture of oral solid formulations, APIs and advanced intermediates manufacturing animal origin-free recombinant products that are safe and sustainable and providing key starting materials, intermediates and APIs for New Chemical Entities (NCEs).

Products



Laurus Labs Unit-2

We offer a broad and integrated portfolio of safe and sustainable animal origin-free recombinant products and services such as ARV, anti-diabetic drugs, Cardiovascular Proton Pump Inhibitors (PPIs), and Central Nervous System (CNS) drugs to the global pharmaceutical industry and have commercialized 60+ products since inception.

Generic Formulation (FDF)	Generics - API	CDMO - Synthesis	Laurus Bio
We develop and manufacture oral solid formulations for LMIC, North America and European Union (EU) markets	We develop, manufacture and sale APIs and advanced intermediates. We are leaders in various high-value and high-volume APIs with a sizeable global market share	We specialize into Contract development and manufacturing services for global pharmaceutical companies and several late-stage projects. We sell specialty ingredients for use in nutraceuticals, dietary supplements and cosmeceutical products with natural extraction capability.	Offer in-depth fermentation-based product development and manufacturing expertise, as a service (CDMO) to novel protein companies and bio-manufacturers — from clone development, strain engineering, process development, and scale-up to large-scale commercial manufacturing, supporting our customers at every step of the microbial precision fermentation value chain



Our Governance Framework

The 'Board of Directors (BoD) is the highest governing body in the Company, focused on setting our long-term vision, strategy and corporate decisions based on relevant information provided by the Management team. They set the tone for our Company's culture of acting with integrity, accountability and transparency in all that we do. Good governance practices such as timely reporting, transparent accounting and a strong, independent Board are a part of being accountable to our stakeholders. These practices furthermore extend to meeting the rigorous standards set by stringent regulatory frameworks that are applied to the research, development and manufacturing of pharmaceuticals.



Board Composition and Expertise

Our Board comprises several Executive, Non-Executive and Independent Directors. Independent Directors make up half of the Board members, ensuring there is appropriate objectivity in the Board's decision-making process. The Board currently comprises 8 members,

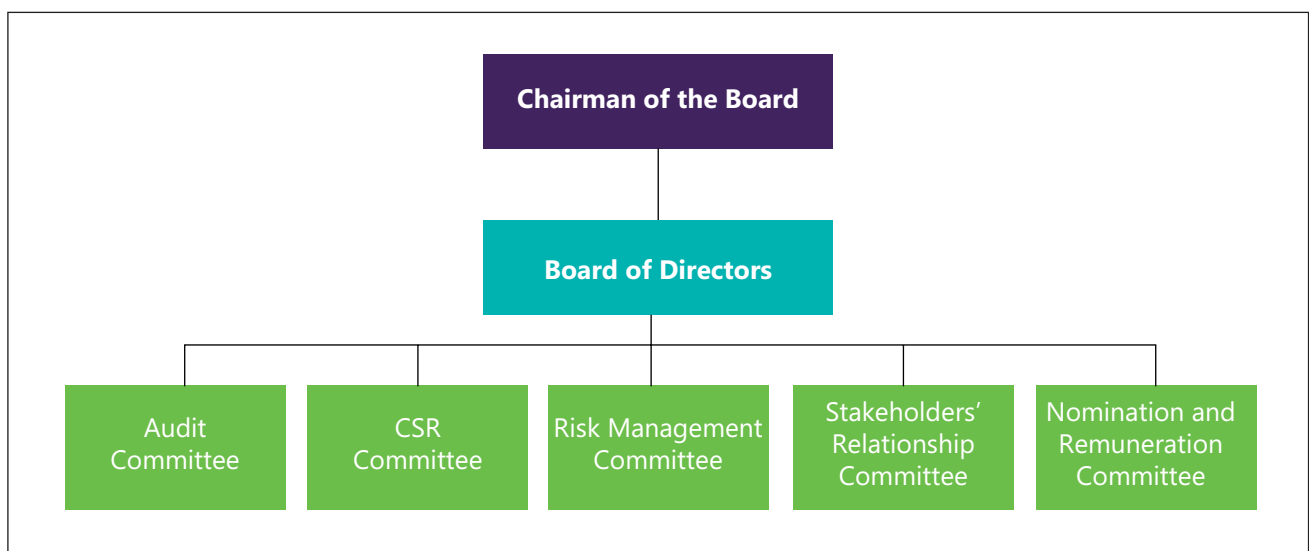
including 4 Independent Directors, 3 Executive Directors and 2 Non-Executive Directors all of whom together form a multidisciplinary group of knowledgeable and experienced professionals.

All members of the BoD possess decades of experience and expertise needed to guide and oversee the Company's long-term

vision and strategy. While the role of steering and oversight rests with the BoD, the operational control and responsibilities of day-to-day activities lie with the Management. More details on the composition of the Board, detailed qualifications of Board members, Board activities and the Management team composition are reported in our Annual Report FY 22.

Board Committees

As of March 31st 2022, the Board had the following Committees:



Each committee is governed by a charter which defines its roles, responsibilities and authority. They comprise a mix of Independent and Non-Independent Directors, ensuring balance and inclusive functioning. The committees meet periodically to deliberate over applicable matters and arrive at key decisions, whenever required. Each decision is then placed before the Board for approval.

The Chairman of the Company and the Chief Executive Officer

(CEO), Dr. Satyanarayana, have their own roles and responsibilities, to ensure better corporate governance. There are separate Committees that fall under the ambit of the CEO. These include the following:

- Ethics Committee
- Corporate Level Sustainability Committee
- Community Committee
- Site Works Committee

All Board and Committee members' meetings are pre-scheduled, based on a tentative calendar finalised in conjunction with the Directors. Only in the event of an urgent business requirement meetings are scheduled outside of predetermined dates in the calendar. More details on the Committees and their composition is available in our Annual Report FY 22.

An Integrated Approach to Risk Management

Safeguarding our company from vulnerabilities and potential impacts is critical in building a resilient company. Our strategic intent is to embed a risk governance practice that is of the highest standards in order to protect our shareholders' interests, mitigate and adapt to risks and maximize sustainable value.

Risk governance

Meaningful risk management and controls are integrated into the day-to-day operations and decision-making of the company, spearheaded by our BoD. They are designated with the responsibility for the active establishment and oversight of our Company's risk management framework. Our robust Risk

Management Framework enables us to manage risks throughout our value chain effectively. Periodic horizon scanning and monitoring are required in this ever-evolving sector. The Risk Management Committee appointed by the Board is assigned to monitor and develop the Company's risk management practices and policies. The proactive and well-informed Risk Committee reports to the Board on its progress periodically.

Identification and assessing material risks associated with our business is critical in establishing necessary mechanisms and internal controls to mitigate and adapt to emerging risks. The Company's risk management policies assist us in anticipating risks early and creating an

enabling condition to proactively respond to the risk to protect and strengthen our assets, performance, workforce and reputation. The policies are periodically reviewed and enhanced based on the Company's requirements and sectoral changes.

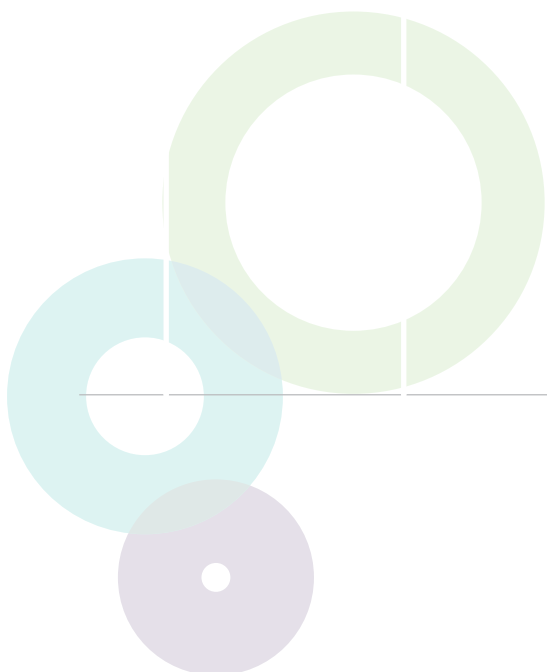
The Company's Audit Committee oversees the adequacy of the risk framework to augment the risk management and monitoring capabilities of the management. The internal audit team supports the committee's risk mandate and they periodically conduct ad-hoc reviews of the risk framework of the Company to keep risk exposure to a manageable level. The outcome of such reviews is reported to the Audit Committee.









Climate-risk preparedness







We see longevity risk management as an important part of our risk management process and future-proofing our company is key to long-term business success. We believe that business as usual adaptiveness is not enough to manage the substantially increasing risks associated with climate change. Disruptive weather and natural disasters induced by climate change along with other public-health impacts can potentially influence our business. Hence, our Company needs to assess its carbon footprint, and wider environmental and social impact. This year, we have successfully conducted a climate-risk assessment to improve the existing methods, frameworks and operational plans, optimize high-footprint processes to reduce risks and adapt to a world impacted by climate change.



SI. No.	ESG Risks	Relevance of ESG risks	Adaptation and mitigation approach	Impacted capitals
01	Environment, Health and Safety (EHS)	Operations are subjected to varieties of regional and global governmental, and non-governmental EHS rules and regulations.	<ul style="list-style-type: none"> - Improving focus on sustainable energy - Strengthening and promoting a safety culture programme and awareness across the company - Conducting periodic audits in high-risk sites 	
02	Industry risk	Sectoral and market downturns could have potential and immediate impact on company performance	<ul style="list-style-type: none"> - Analysing industry and pharma-sectoral trends and periodic horizon scanning - Ongoing plans to implement a business continuity plan to minimize risks 	
03	Regulatory risk	The pharmaceutical sector is highly regulated and it is under continual surveillance and scrutiny by regulatory bodies and authorities. Inability to meet requirements may have potential negative impacts on the business.	<ul style="list-style-type: none"> - Improving compliance/regulatory requirements review mechanism - Utilizing the information management system to detect changes in the regulatory environment and their impact periodically 	
04	Competition risk	Market presence and penetration can be affected by domestic and international competitions	<ul style="list-style-type: none"> - Building economies of scale in manufacturing, distribution and procurement to maintain cost advantage - Strengthening long-term relationships with key customers by offering better quality and service know-how - Introducing cost-improvement initiatives and enhancing manufacturing efficiency at plants - Undertaking R&D initiatives, focusing on optimizing raw material consumption and increasing manufacturing capability 	



Sl. No.	ESG Risks	Relevance of ESG risks	Adaptation and mitigation approach	Impacted capitals
05	Innovation risk	Development of innovative products is critical in improving the product portfolio of the company, Lack of innovation may negatively affect business growth.	<ul style="list-style-type: none"> - Ensuring R&D capabilities and proven track record in filing, approval and commercialisation of niche products and processes. - Improving internal capabilities, know-how and enhancing process optimisation to strengthen market leadership 	 
06	Financial risks	The foreign exchange rate fluctuations could impact our company's net expenses and other future investments.	<ul style="list-style-type: none"> - Implementing a strong currency hedging plan/ strategy and periodically evaluating derivatives to address risks 	 
07	Capacity planning and Optimisation risk	Inability to meet dynamic customer needs can impact business growth	<ul style="list-style-type: none"> - Tracking trends and horizon scanning to keep up with the market and deliver and satisfy customer needs - Implementing plans to ensure plant capacities meet market expectations - Process optimization and improving efficiency to reduce production-related risks such as plant malfunctions 	 
08	Operational risk	Efficiency and effectiveness of business operations can be significantly impacted if and when vendor-customer relations are not managed effectively	<ul style="list-style-type: none"> - Stabilizing vendor risks and challenges by the implementation of action plans - Forging long-term partnerships with regional and global pharmaceutical companies to ensure revenue visibility 	 

					
Natural capital	Human capital	Social and relationship capital	Financial capital	Manufactured capital	Intellectual capital

Our Sustainability Strategy

We recognize that to achieve long-term success, we need to deliver our business strategy in a way that creates value not only for Laurus and our shareholders but also for society and the planet. We embrace our core values, along with our emphasis on developing a more sustainable business, which drives us towards our vision for a cleaner, healthier world.

As we navigate through these disruptive times, our approach to sustainability (integrated into our value framework) is intended to support us in adapting to the changing business environment, meeting the needs of the global pharmaceutical and health industry, and remaining relevant through elevated research and innovation.

We believe that doing business in a sustainable and

responsible manner is integral to our purpose, our values and our philosophy “Knowledge, Innovation, Excellence, Integrity and Care”. Our sustainability principles are embedded into the Group’s strategic objectives and underpinned in the way we do business. The following significant factors are considered while determining our guiding sustainability principles:

Sustainable Development Goals (SDGs)

The United Nations 2030 Agenda for Sustainable Development is a global action plan for people, the planet, and prosperity that was introduced in September 2015. The 17 SDGs seek to promote sustainable development while addressing the most crucial issues confronting the globe. As a pharmaceutical company, we

significantly contribute to the achievement of the SDGs through our business model. Despite the fact that all the SDGs are important, we have mapped the most suitable SDGs with each of the six capitals.

Transparency

To further address the rising transparency requirements of our stakeholders, including investors, we are continuously improving our sustainability and ESG reporting. We are taking additional steps to tighten our reporting in accordance with international best practices in addition to our current reporting commitments to the DJSI. We have started to incorporate industry-leading standards and frameworks in our reporting. This year, we introduced GRI and DJSI Disclosures to our online book of sustainability and ESG data.

SUSTAINABLE DEVELOPMENT GOALS



17 PARTNERSHIP FOR THE GOALS



Our approach to materiality

At Laurus Labs, we acknowledge our responsibility to meet stakeholder expectations to position our business better and enhance the value we create. The materiality assessment has allowed us to comprehend stakeholder concerns and helps in developing a strategy that fits our business, prioritizing the most relevant topics and impact. We performed a sustainability-related materiality assessment to identify the sustainability issues that are most critical to our business and our stakeholders. This process assists us in identifying sustainability focus areas and informs our strategy and the content of our reporting.

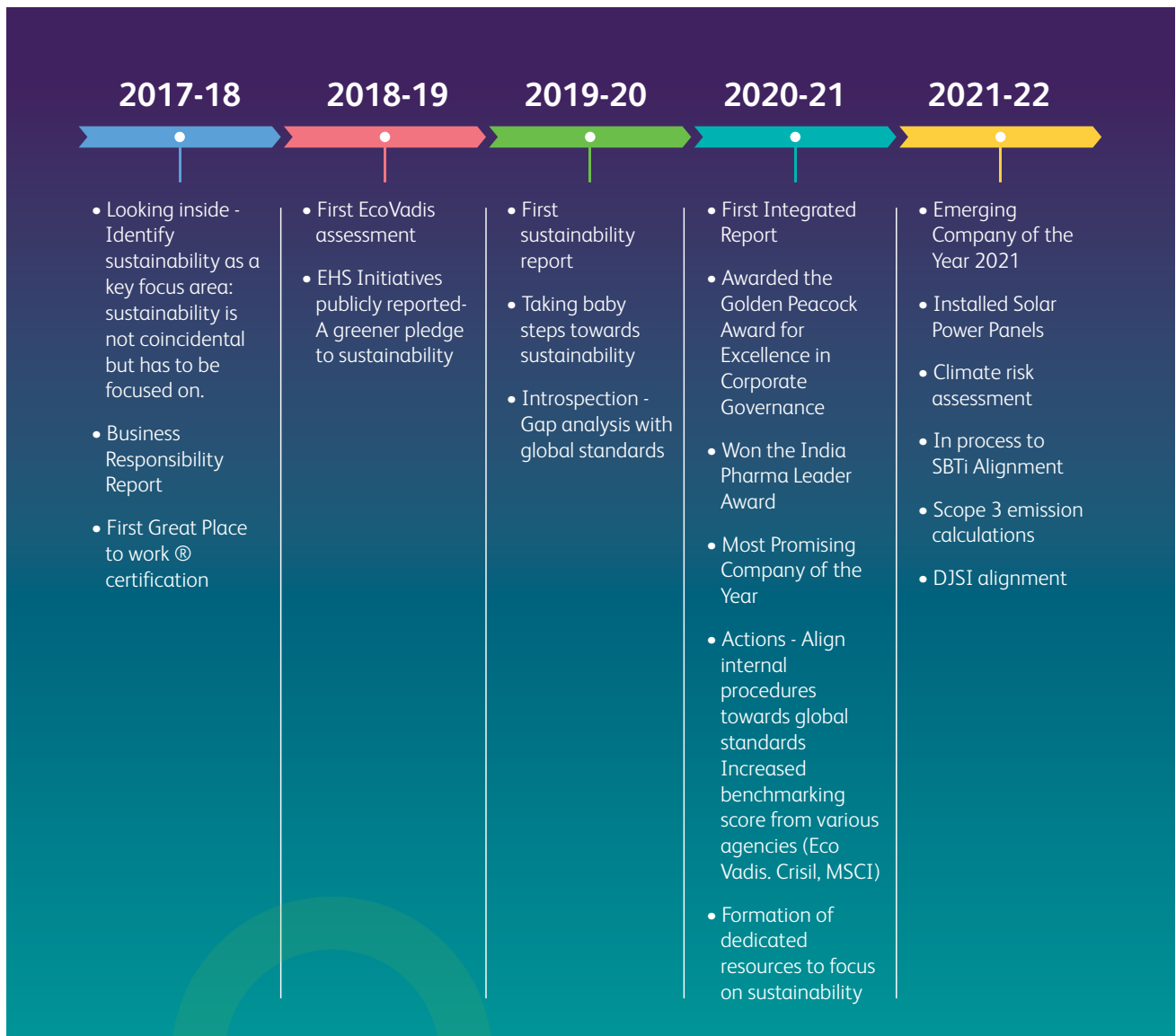
We align our identification of material sustainability topics with the GRI Universal Standards considering information relating to the pharmaceutical sector, our regulatory requirements and matters raised during engagements with our people and our external stakeholders. This year we've focussed on five top priority areas i.e. product safety, ownership and control, waste management and circularity, leadership policy and oversight on sustainability, tax transparency and labeling, protection of human rights and occupational health and safety. More information on our sustainability materiality assessment process and outcomes can be found in our Integrated Report 2020-21.

Our guiding principles for sustainability



Our journey so far

Our business strategy and business have sustainability at the heart of it. We aim to maximize the value we create for our stakeholders and conduct business in a way that protects the rights of all stakeholders.



Value Creation Model

This integrated report discusses our Company's approach to value creation, overtures to the inputs that we rely on, the key highlights and operational mechanisms and processes. We create value and sustain progressive growth by actively managing the inherent relations between the capitals. The value creation model provides a synopsis of these interconnections and shall be read in conjunction with the entire Integrated Report Guidelines

Financial Capital Creating shareholder value by strategic investment in R&D and manufacturing facilities, improving global reach and capacities and expanding product portfolio.	
Intellectual Capital Leveraging industry-leading high-quality capabilities to develop effective solutions, own patents and improve company knowledge-base.	
Social and Relationship Capital Maintaining relationships with all stakeholders including regulators. Empowering communities and creating a platform for them to benefit from our business product portfolio, technical capabilities, geographic	
Manufactured Capital Achieving operational efficiency by investing and consistently improving manufacturing capabilities focused on world-class technologies.	
Human Capital Raising a highly-skilled workforce with necessary skillsets and expertise, providing them with continuous training and mutual alignment of our vision	
Natural Capital Protecting and conserving natural resources through responsible sourcing and efficient operations.	

Outcomes

3% Sales growth

29.1% Operating profit margin

4% Technology leadership through R&D investment

26.3% ROCE

0 Lost Time Injury Frequency Rate (LTIFR)

1,32,250 t CO2 Operational carbon footprint (Direct)

2,28,148 t CO2 Operational carbon footprint (Indirect)

Outputs

Patient benefits are empowered by innovative and high-quality affordable medicines with an option of products tailored to our customer's needs.

Sustainable economic growth is unswerving by delivering consistent, profitable outcomes meeting shareholder expectations.

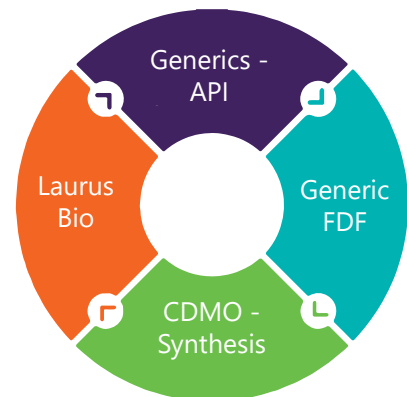
Social equity is an important aspect we work toward by creating opportunities for our stakeholders by establishing an enabling environment to benefit from our business.

Environmental prosperity is realized by taking consistent action on carbon footprint, energy, water and waste management.

Business activities

Our purpose is to develop quality medicines accessible to people who need them. We work towards this by deploying efficient resources and operational practices.

We excel at what we achieve by implementing high-quality manufacturing facilities, with an experienced sales and marketing team, the finest R&D capabilities, effective partnerships, dedicated employees and decade-rich global market exposure.



Creating Value Through Our Capitals



Financial Capital

We strive to optimize opportunities for long-term, sustainable economic growth for all our stakeholders by diligently and commercially managing our financial capital. To sustain our business model and generate accretive value for investors, we have a fiduciary duty to our stakeholders to manage our financial capital in a responsible manner. To the extent that is reasonably possible, currency, interest rate, and credit risks are mitigated by effective financial controls and treasury management systems. The Board receives support from the Audit & Risk Committee in carrying out its responsibilities with regard to the protection of assets, accounting systems and practices, internal control procedures, and the creation of the Group and Company Annual Financial Statements.

The long-term development of Laurus Labs has always been paramount. By making wise investments in R&D, cost-Optimization, capital expenditure, and modernization through the adoption of new technologies and information technology (IT) systems, our management focuses on preserving shareholder value. We have benefited greatly from our outstanding financial

performance throughout the reporting period as we move into an uncertain time when the globe is grappling with an enormous health catastrophe. This confirms our belief that our strategy should continuously be guided by socioeconomic and environmental sustainability measures rather than merely depending on financial performance. Additionally, we follow the reporting requirements set forth by the Indian government and our investors.

Due to the second and third waves of the COVID-19 pandemic, the year 2021–2022 will likewise be difficult. The company could be able to sustain its performance at a comparable level to the prior year, despite these challenging conditions. The Turnover of the company increased from 4,814 crore to 4,936 Crore in the year under review, an increase of 3%, but it also produced a substantial mix improvement driven by notable improvements in the Non-ARV sector, particularly the CDMO-Synthesis business. This division has grown by 77%, contributing 19% of total revenues this year compared to the previous year's contribution of 11%. Laurus has spent 202 Crore on its R&D which is 4% of total sales and also filed 12 DMFs during the year.

	FY 2019-20	FY 2020-21	FY 2021-22
Net Sales (INR Crore)	2,832	4,814	4,936
Net Profit (INR Crore)	255	984	828
Earnings Per Share-Diluted (INR)	5	18	13.91
EBITDA (INR Crore)	570	1,573	1,436
Net worth	1,770	2,597	3,351
Debt Equity Ratio	0.60	0.56	0.52

FY 2022 Business Performance:

INR	FY 2020-21	FY 2021-22	Y-o-Y
FDF	1,664	1,880	13%
APIs	2,621	2,039	-22%
CDMO- Synthesis	519	917	77%
Bio	9*	100	1011%
Total Revenue	4,814	4,936	3%

*Effective date of acquisition is January 20, 2021 and the data reflects only for that period.

Tax Strategy

Laurus Labs has a tax strategy in place, and we have improved our tax planning with segment analysis based on applicability and the potential to claim qualifying deductions / exemptions. Laurus is aware of its need to pay the proper taxes in each of the jurisdictions in which it conducts business. With respect, fairness, honesty, and integrity, we conduct business with tax authorities and build strong, respectful relationships with all parties.

Our strategic approach to taxes entails the following:

- Engage with tax authorities with honesty and integrity in the spirit of cooperative compliance
- Identify and manage tax risks, ensuring that appropriate provisions are raised in relation to identified risks
- Ensure that the business objectives are met in a tax compliant manner
- Remain up to date with taxation laws, regulations and trends to ensure that the Group's business objectives remain tax compliant; and
- Act responsibly with regards to tax positions taken, ensuring that the Group's reputation is not negatively impacted by those positions

We strive to submit all tax returns and other relevant forms and documents as they fall due, fully disclosing all necessary information that would be required by a tax authority to make an informed decision in relation to the tax positions that are taken in the tax return. We have an effective internal control to monitor the tax compliances starting from the origin of the transaction to payment of the transaction. Special transactions for example - slump sale, business combinations are properly dealt with the help of legal advisory. We have initiated monthly compliance meetings, where all the stakeholders attend and discuss all the regulatory compliances to be ensured along with the status of the compliances for that particular month.

Key business highlights of the year:

Formulation

Q4 normalization leading to healthy growth of +13% YoY for FY2022

Sustainable ARV business and steady market share gains and new launches in developed markets are key drivers

Brownfield lines to get operational before June'22

APIs

Growth impacted from destocking in ARV business at channel level, seeing signs of early recovery and

complete stabilization is expected through FY 2023

Muted other APIs; expect growth rebound supported by new contract supplies ahead

Brought new capacity on stream and adding more capacities in high growth non-ARVs

CDMO Synthesis

Stronger finish of 77% growth with significant progress; a) Expanded CDMO capability and diversified customer base, b) Won new contracts, including a multi-year strategic partnership agreement and significant purchase order with Global Life Science major

Initiated capex for dedicated R&D center and manufacturing units

Bio

Recorded INR 100 Crores in Sales, improved materiality over pre-acquisition annualized run-rate

Gradually ramping up on 180KL fermentation capacity for large scale CDMO partners. Full benefit expected to reflect in quarters ahead

Manufactured Capital



Our success is built on the strength of our manufacturing facilities, which continue to be the fulcrum around which the entire value chain revolves. These facilities enable us to build end-to-end capabilities, create advanced formulations, and meet stringent regulatory requirements. With a sustained focus on best-in-class quality and international compliances, we proactively invest in cutting-edge research and development (R&D) activities and manufacturing infrastructure. This is essential to achieving our

purpose of enhancing the health and quality of life of people.

We support the drug development and manufacturing programs of the global pharmaceutical and biotech business, by fostering growth prospects in contract research and manufacturing through our synthesis company. From manufacturing to offering services to all key markets in North America, Europe, and Low-Income Countries, we are thriving on expanding opportunities.

We achieve this through our seven state-of-the-art manufacturing facilities located in Visakhapatnam, Andhra Pradesh, one API facility in Bibinagar near Hyderabad, and one R&D centre, equipped with the Kilo Lab, in Hyderabad. One of these facilities is well-equipped to produce both drug products and drug substances, whereas the other seven facilities make drug substances. At two of our sites under Laurus Bio, we also have fermentation-based capabilities for recombinant food proteins.

Unit	Function	Approvals granted
1	API and includes capacity for ingredients, synthesis and contract manufacturing	USFDA, WHO – Geneva, NIP – Hungary, KFDA, COFEPRIS, PMDA, ANVISA
2	FDFs and APIs	USFDA, BVG Hamburg Germany, WHO – Geneva, and JAZMP – Slovenia and various African countries
3	APIs and includes capacity for ingredients, synthesis and contract manufacturing	USFDA, WHO – Geneva, NIP – Hungary, COFEPRIS, KFDA, ANVISA and JAZMP – Slovenia
4	APIs and includes capacity for ingredients, synthesis and contract manufacturing	USFDA, WHO and COFEPRIS – Mexico
5	Hormone and steroid facility for Aspen	
6	APIs (largely manufacturing intermediates for captive consumption)	USFDA
R&D	Pre-commercialisation activities for APIs, ingredients, custom synthesis and contract manufacturing	USFDA, KFDA and PMDA

Regulatory compliance

At Laurus Labs, adherence to laws and regulations is a critical aspect of our citizenship efforts. We ensure compliance with all applicable local and global regulatory requirements and adopt best-in-class safety standards across all our locations. We endeavor to supplement our compliance routines by maintaining a culture of going above and beyond minimum requirements wherever possible.

We have developed an Information Management System that detects changes in the regulatory environment and their impact in a timely manner, allowing us to stay abreast with the regulatory requirements. We have also established procedures and systems for the training and development of our employees on regulations.

Our facilities are well-designed for the manufacturing, testing, and storing of products and upgraded regularly for meeting the regulatory and current Good Manufacturing Practice (cGMP) standards and EHS - Environment, health & safety standards.

All our sites are periodically inspected and audited by regulatory authorities as well as our customers and third-party consultants. Most of our facilities have accreditations from leading global regulatory authorities such as US FDA, WHO Japanese PMDA, and KFDA.

All our manufacturing facilities adhere to the requirements of the Integrated Management System (IMS), strictly following ISO 9001-2015: Quality Management System, ISO 14001- 2015: Environment Management System and ISO 45001- 2018: Occupational health and Safety Assessment system standards.

Adopting technology to improve capacities

Our investments in advanced technologies enable us to increase the overall quality of our pharmaceutical products, ensure strict adherence to international safety requirements, and increase organizational productivity. Some of the new technologies like Rotary Pressure Filter (RPF), Automatic Vertical Pressure Filter (AVPF), and Agitated Thin Film

Dryer (ATFD) are used for filtration & drying in regular production to improve the capacities.

- Rotary Pressure Filter (RPF) – The rotary pressure filter (type RPF) is a continuously operating filter for pressure filtration, allowing gas-tight cake treatment in several separate process steps.
- Automatic Vertical Pressure Filter (AVPF) - The automatic vertical pressure filter is used for filtration (both water-based and solvent-based). This has drastically reduced filtration time and manpower requirements.
- Simulated Moving Bed (SMB) - The SMB which is installed at Unit-1 is used to separate the chiral isomer of Efavirenz (with a capacity to separate 500kg/day with 5% chiral content)
- Turbofoil Agitators - Agitators are used for a better mixing profile and to reduce power requirements for reactors. This has reduced power consumption by 60% compared to conventional agitator types.

We ensure the health and safety of all equipment through the preventive maintenance program. Preventive maintenance of each process and utility equipment is carried out at predetermined intervals to minimize equipment breakdowns. The engineering and maintenance department prepares a thorough annual plan (Annual Preventive Maintenance Schedule for the following year) for preventive maintenance of all process and utility equipment in the month of December. We also implement software, such as calibration and preventive maintenance software, to improve the current manual process of equipment maintenance. By doing so, we transition from a labor-intensive and insecure manual process to an electronic one that offers user-friendly interfaces, data security, and record archiving.

Energy efficiency initiatives at manufacturing sites

Our manufacturing processes Unit 1& 3 contribute to the maximum share of greenhouse gas emissions and we are committed to improving our operational efficiency and minimizing our environmental footprint. This is demonstrated through efforts taken to increase energy efficiency in our manufacturing operations, investing in low-carbon energy, and encouraging a lower carbon footprint in our supply chain.

Further, we are also exploring opportunities to increase our use of cleaner fuels. We have installed solar power panels in four units i.e., Unit 1, Unit 3, Unit 6, and R&D.

Accelerated digitization

Digital technology continues to revolutionize the way companies conduct business, keeping

pace with the speed of digital transformation is imperative to remain competitive and relevant. We aim to contribute to people's lives and achieve corporate growth, leveraging our strengths and incorporating digital technologies. We have introduced the following automated processes, which strengthen our systems and minimize errors to produce the highest quality of products:

- **eQAMS (Electronic Quality Assurance Management System)** – Helps us in the handling of change controls, deviations, audit management, CAPA & Complaints.
- **DMS (Document Management System)** – Helps us in the preparation, review, approval, issuance, and retrieval of documents.
- **SAP (System, Application, and Products in Data Processing)** – Helps us in financial control, inventory management for the material management in the raw material warehouse.
- **CAP (Calibration and Preventive Maintenance)**- Allows for the calibration and preventive maintenance of equipment.

We are exploring ways of expanding our business in the short and long run. Across internal business activities, we are progressively utilizing cloud technology (such as Track and Trace serialization) and other technologies to improve operational efficiency, provide business, and acquire scientific insights.

Enhancing quality

Our quality culture is embedded in everything we do. We have

adopted a comprehensive approach to quality across our organization and beyond, with systems and policies to drive consistency, compliance, and continuous improvement. These include processes to integrate quality, safety, and sound product stewardship throughout our value chain. This helps us maintain a leading quality management system in line with global industry standards and the changing regulatory landscape.

The raw materials that enter the value chain are first verified at the warehouse through required documentation and approvals. Our well-designed facilities and well-trained personnel help us in sampling, inspecting, and testing the raw materials. We leverage our Electronic Quality Assurance Management software for releasing or rejecting raw materials, packing materials, in-process materials, intermediates, API, or finished goods. Regular inspections and audits are conducted both internally and through regulatory authorities and third-party consultants to ensure the quality and reliability of our products.

While working closely with leading innovators, global health organizations, and providers, we ensure the quality standards keeping our core philosophy of 'One Quality Standard for all Markets'. This has established a well-established validation and qualification structure to ensure that systems, facilities, and processes are planned and built in accordance with client needs. Additionally, we put a lot of effort into bolstering our operations by expanding automation, improving our data and analytics capabilities, and introducing technology to improve product quality.

Intellectual Capital



Laurus Labs is a leader in science and technology. We use our industry leading capabilities across our sectors to create sustainable solutions and own patents covering our science, technology and processes.

Our management approach

We have established firm-level processes over the years to promote honest and effective communication with our stakeholders. It improves our understanding of important issues and enables us to recognise those characteristics of stakeholders that are crucial to our business and demand active participation. Involving stakeholders gives us the chance to help them in the most sustainable way possible and revise our strategies to provide the maximum benefit. We include our stakeholders in the decision-making process, strengthening products and procedures, and establishing an enabling environment that encourages teamwork.

Research and development

Laurus continues to maintain a portfolio of both old speciality products for meeting the needs of the larger global population as well as new innovative products focussed on specific patient needs. The rationale for the above approach is to strike the balance between providing wider access

to medicine and playing a role in emerging new disease segment reflected in our vision statement "Offering integrated solutions to global pharmaceutical needs in creating a healthier world." The focus on providing medicines for the unmet needs has been extended to finished formulations for the Indian market. In order to increase supply of essential drugs, we proactively invest in cutting-edge research and development (R&D) projects maintaining focus on world-class quality and global adherences. Over 790 people work on our specialized R&D team, a group of knowledgeable researchers, scientists, as well as product experts who are devoted to improving Laurus Labs brilliance and innovation in intellectual property. The R&D team works on process intensification, adoption and commercialization of technology. We perform technological and business viability analysis before choosing molecules. We ensure improving existing products through research and paving the way for new growth.

We provide high-quality products that adhere to the standards of the major health authorities worldwide owing to

our substantial R&D capabilities. Quality Control and Quality Assurance are our priorities. Strict compliance with cGMP standards, our efforts to improve products and processes continuously and the workforce's skill allows us to improve our services to our clients regularly. Recognizing the significance of delivering the quality products throughout our organization, we uphold strict standards for quality. Our cutting-edge facilities allow us to grow affordable and high-quality medications. We support the notion of a universally recognized quality standard. It has put in place a well-defined validation and qualification structure to ensure that systems, facilities, and processes are planned and built in accordance with client needs. Our dedicated quality and regulatory teams provide technical and market support for all regulatory affairs.

Engagement with regulatory bodies

We regularly collaborate with regulatory health authorities on novel approaches, scientific discussions, prioritization, and other aspects of Drug Master Files (DMFs), Abbreviated New Drug

Applications (ANDAs), New Drug Applications (NDAs), and Marketing Authorisations (MAs) filing and life-cycle management. Some of the regulatory authorities we regularly engage with include the USFDA, WHO, US FDA, PMDA, NIP Hungary, KFDA, ANVISA, JAZMP– Slovenia, EU (Germany), COFEPRIS and BfArM. We ensure achieving standardized product quality across all markets by maintaining uniformity in our manufacturing standards and facilities. In the financial year 2021-22, we have filed 30 ANDA's and 12 DMFs.

Innovation

R&D Success story 1

AIDS has been and continues to be a thorn in the development of mankind. In spite of discovery of newer more potent drugs to treat the disease and innovative delivery systems, there are still unmet gaps which if targeted can improve compliance and overall life expectancy.

One such gap in the pediatric segment is the drug delivery to the youngest of patients. The primary concern in this population is that most of the current drugs used in the primary and secondary line of treatment are provided as tablets or capsules requiring a source of clean drinking water for administration. The economic strata this population usually occupies deprives them the access to clean and safe drinking water.

Secondly, though the more potent newer ARV drugs require far less dosage than their predecessors, the dose still presents a problem in designing the size of the tablet or capsule. For a pediatric population the size and shape of the tablet are important to ensure ease in swallowing. The problem is compounded by the fact that, they are anatomically challenged to swallow large tablets and with pre-existing comorbidities (fungal or bacterial infections) their esophagus (food pipe) is inflamed and makes the process of swallowing large tablets a painful daily exercise.

We, at Laurus Labs Limited whose mission has always been to "constantly strive for innovation to enhance quality and to provide affordable integrated pharmaceutical solutions to facilitate wellness and wellbeing across the globe" are committed to provide affordable medicines and have also been continuously striving to improve the drug delivery system through our innovative R&D. As part of this continued effort, we have developed oral dissolvable films to deliver ARV medication to the pediatric population.

The formulation consists of a thin dissolvable film in which the drug is embedded and this thin film needs to be placed on the patient's tongue. It spontaneously dissolves in the presence of saliva thus administering the drug to the patient. The film also comes in various fruity flavors and pleasant sweet tastes appealing to the pediatric population. This design eliminates the need for clean drinking water and also makes daily drug administration a painless activity.

R&D Success story 2

We developed a highly efficient process for separation of a desired diastereomer from a mixture of two components using the Simulated Moving Bed technique & validated the same at commercial scale. The process is unique considering the technique employed at scale and the eco-friendly nature of the process wherein the solvent can be recycled & reused during the process.

R&D Success story 3

For a traditional pharmaceutical manufacturing organization successful development & scale-up of complex inorganic moieties is not usually the core-competence. Laurus tech-team however took-up the challenge and developed a unique, novel pharmacological molecular sieve, which is an approved metal-chelating drug, and successfully scaled the manufacture and also adopted a technology (Sachet filling) which is naïve to Laurus. This is a successful innovation considering that the process efficiency is more a factor of the reaction-kinetics rather than of chemistry alone, and achieving a crystal morphology that is exact & consistent is critical for product release as well as its efficacy. This was achieved and validated as a high pressure & high temperature operation that was safe to carry out, giving a sachet filling technology experience to Laurus.

R&D Success story 4

We started working on bio catalysis enabling reactions for preparation of starting materials or intermediates to reduce the number of chemical conversions by exploring novel enzymes. This would effectively reduce the cost of manufacture of starting materials or intermediates and also reduces our dependence on outsourcing such materials.

Co-creation projects

Knowledge creation is a part of every R&D ecosystem. This ecosystem is not limited to the organization in which the R&D is located and most of the time transcends to the vendor and customer facilities alike. Organizations with strong R&D ecosystems have mastered the art

of knowledge co-creation and often develop a symbiotic relationship with their vendors and customers alike.

Laurus has always believed in having an open and transparent development ecosystem with its partners. As part of this endeavor, Laurus supports the partners with technology, equipment know-how and resources both human and material.

We often work on nascent, un-proven technology of the partners to build a robust process which is scalable and commercially feasible, demonstrate this technology at our own facilities and share any intellectual property in the development process with our partners. This co-creation process is not limited to the development of the product but in most cases involves design of the manufacturing facility and equipment for future commercialisation.

Another example of co-creation is exhibited between our API (both internal and external) and formulation development team. In Laurus such projects where the API and formulation development are done in parallel are called integrated projects. There exists a feedback system between the partners who exchange potential development details, regulatory requirements and product requirements during the course of development, filing and post approval process. There have been multiple occasions where the teams based on their development or regulatory observations have modified the unit formula or process or physical characteristics of the API or drug product. This feedback loop is not limited to the internal teams but extends with our external API partners as well.



Social and Relationship Capital

As a responsible business, we understand the need to create a shared economic and social value for our stakeholders. Whilst having a strong presence is imperative to our business, long-term economic value can be generated only through creating a long-lasting social value in an interdependent and interlinked ecosystem of which we are a part. We are making focused efforts to empower the communities we work in and contribute to their socio-economic development.

Our stakeholders define our identity and help shape our future. Their insights help us in navigating challenges, exploring opportunities, and laying the foundation for a more inclusive and sustainable future. We continuously engage with them to identify their evolving interests, understand their expectations

& respond to their needs to further strengthen our trusted relationship with them.

During FY 2019-20, we conducted our first materiality assessment to determine the key issues which may have a direct or indirect effect on our ability to create, preserve or erode value for our stakeholders. The assessment has helped us in identifying issues and focus areas that are perceived as most significant by our internal and external stakeholders.

Giving back to communities

As we are deeply connected to the environment we operate in and the societies we serve, we recognize our responsibility in building a thriving society. Through our community engagement programs, we strive to make a difference in global healthcare, education,

and rural development and create a positive impact in the communities around us.

Our CSR policy has been formalized as per the requirements of Section 135 of the Companies Act 2013. We have formally integrated social responsibility oversight into our governance structure, by setting up a corporate social responsibility committee, to instill a culture of giving back and create a positive impact.

We aim to play a key role in providing access to the basic amenities by funding philanthropic initiatives in partnership with the district and state-level officials. Over the years, our work has been centered around social development models, with a focus on three key pillars:



Health

“Right to health” is a fundamental part of our human rights and we focus on improving access to quality healthcare services for people belonging to the underserved sections of society. Our health-related projects and programs are inclusive and extend beyond infrastructure facilities. By providing financial aid we aspire to contribute to the sustainable development goal of providing access to healthcare. The key programs and projects undertaken are summarized below:

Supporting Eye Institution

For providing extensive healthcare services and

managing patients we have provided financial support to LV Prasad Eye Institute. Our contribution of INR 3.30 crore will help establish outpatient blocks during the period of three years for patients with simple and challenging ocular conditions.

Empowering Women and Families

Laurus Spandana team on the occasion of International Women’s Day 2021 distributed baby kits to all the newly delivered mothers in the maternity wards at Agnampudi Government Primary Health Care

Centers, Vishakhapatnam. Baby kits were packed with necessary hygienic articles including infant clothes and blankets, required for newborn infants and mothers.

Education

Education is a powerful tool to drive change in communities. We invest in initiatives that deliver high-quality education and promote learning opportunities for all with a particular focus on underserved children in rural areas. By supporting schools and academic institutions we aim to contribute toward the sustainable development goal of providing access to healthcare.



Industry and academic collaboration

We make constant efforts to empower the youth with the right knowledge. One of our initiative has been to boost industry-academic collaboration. We have signed memorandums of understanding with Gitam University and Krishna University, both in Andhra Pradesh. We encourage school children to develop a scientific temperament and curiosity, encouraging them to pursue science courses as part of their further education.

Support for ZP High School Kothur

We are providing financial assistance for developing the infrastructure of the school premises and washrooms for schools in Paravada and Atchutapuram Mandals in Visakhapatnam District, Tenali, Veerulapadu, and Kanchikacherla mandals in Krishna District in Andhra Pradesh. For all holistic development of students we have also distributed school bags and sports items to students.

Rural development

Empowering youth and women with relevant skills enables them to be industry-ready. By equipping them with the right attitude and values to enhance their living conditions and contribute to the sustainable development goal of poverty alleviation. We have also supported the Abhaya foundation to undertake different projects for rural development.

Anakapalli Pudimadaka & Yelamanchili Patches work

We have provided financial assistance for repairing potholes in the state highway. The patch work was covered for upto 4km.

Support for Cultural Auditorium

Alluri Sitaramraju Vignana Kendra trust is constructing multi stored cultural central in Dabagardens, We have provided financial support for the development of cultural auditorium within stipulated timeline.

Environmental conservation

Climate change is the defining issue of our time, and we hope our actions inspire others on the journey toward building a more sustainable and inclusive future.

SAVE SOIL

We have collaborated with Isha Outreach in the SaveSoil Project which aims at educating people about the importance of soil that plays critical role in Planet's sustainable future.

Fostering long-term relationships with suppliers

The timely supply of high-quality products to our customers is vital for enabling better access to healthcare. This has been possible only through the constant support provided by our suppliers who have enabled us to run our operations with minimal disruptions.

Our supply chain team consists of 45 members handling new product sourcing, commercial

procurement, delivery of raw materials, packing materials, engineering materials, etc. As part of our efforts to ensure supply chain continuity, we have maintained critical vendor partnerships and created alternative domestic sources. The strategic collaborations with multiple suppliers help us in ensuring import substitution and in supporting Make in India

Initiative. Every year we engage with our vendors through Phone, email, Virtual meetings, Physical meetings, Interactions during annual International fairs, Vendor Plant visits, Vendor Audits etc.

We classify our raw materials into three categories - Key Starting Materials (KSM) Critical Raw Materials (CRM), and General Raw Materials (GRM). The key

raw materials are sourced mainly from China, India, Europe, and the Middle East. During the financial year, we engaged with 1900 suppliers of which 531 are tier 1 suppliers based on the total percentage of raw material spent, and 67 are critical tier 1 supplier who deliver key starting materials and key intermediates. We spend 73% of our total procurement budget on critical tier 1 suppliers.

1900 suppliers

531 tier 1 supplier

67 critical tier 1 supplier

Ensuring sustainability within the supply chain

The quality of our products is of utmost importance and suppliers are only onboarded after a series of stringent checks to warrant that they are aligned with the expectations of the company. We onboard our suppliers after taking into consideration the required quality, EHS, and sustainability criteria. Our critical tier 1 suppliers are further assessed based on vendor audits. During the year, around 64 vendors have been evaluated on sustainability criteria.

We are committed to engaging with our suppliers to help them improve the social and environmental impact of the materials and services they offer. The supplier code of conduct and sustainable supply chain questionnaire helps us assess and align our suppliers with core values as they sign up to foster a culture of honesty, accountability, and integrity. The CoC also helps us in integrating sustainability parameters into our supply chain. The CoC covers aspects such as

labor rights, anti-bribery and corruption, health and safety, environment, ethics, data privacy, confidentiality, and information protection.

Building relationships with Customers

At Laurus Labs, we firmly believe that our customers are integral to the growth of the company. It is imperative to connect with them and understand their needs while showcasing our story and vision and committing ourselves to create innovative products to improve the health of individuals.

We manufacture oral solid formulations, provide Contract Research and Manufacturing Services (CRAMS) and Contract Development and Manufacturing Organization (CDMO) to global pharmaceutical companies. Our products are promoted, sold, and distributed in global markets through the support of experienced sales and marketing teams. The focus has been on expanding our product portfolio, developing cost effective healthcare solutions and technological proficiency to

establish long-term relationships with major pharmaceutical companies. This has allowed us to keep the top five clients, who account for a large amount of our revenue, which has been increasing annually for the past three years. While the US, EU, and Japan remain our three most significant markets, our customer base has grown more diverse. Some of our major customers include Accord, Aspen, Aurobindo, GHSC Chemonics, i+ Solutions, Jamp, MSF, KRKA, Macleods, Merck, Mylan, Pfizer.

Being a CRAMS partner to several customers, we follow stringent quality and EHS systems, wide operability range (from grams to multi-tonnage scale) and robust project management practices. In order to comprehend the constantly shifting regulatory requirements and market expectations of customers, we regularly interact with customers at least once a month. During the year, we have completed 106 customer audits and 44 site audits by international health authorities including USFDA, WHO Geneva, and ANVISA Brazil 2018.

335 customers served

106 customer audits

Our collaborations

Partnerships are fundamental to our ability to deliver value through medicines. Through our strategic global partnerships with large worldwide and Indian pharmaceutical companies, we offer a wide range of drugs in our portfolio.

During the year, we have invested significantly in capacity

creation, built new partnerships in CDMO for specialized APIs with top Global Life Sciences firms, and steadily delivered on diversification of revenues along with our R&D capabilities with minimal supply chain impact.

We have successfully signed an agreement with Immune Adoptive Cell Therapy Private Limited (Immune ACT), an advanced cell

and gene therapy company that was founded under the aegis of the IIT Bombay incubator for a substantial minority stake. This partnership has allowed us to foray into disruptive CAR-T technology. The investment is a strategy to strengthen the biologics business and will significantly help in bringing innovative and more affordable medicines.

	 <p>Pharmaceuticals Export Promotion Council of India (Set up by Ministry of Commerce & Industry, Govt. of India)</p>	
	<p>JNPC Manufacturers Association</p>	
		

This year, we have witnessed many academic and industry-sponsored collaborations for early clinical development and asset selection, especially in the field of cell and gene therapy (CGT). The future looks promising for more innovative multi-stakeholder engagement models and collaborative partnerships as emergent biopharma takes the lead in developing advanced therapies.

Human Capital



Being an employer of choice

Nurturing and empowering our people forms the bedrock of our approach towards management of our human capital. We recognise that our employees are central to our success as an organization and providing them with a fair, inclusive, progressive and safe work environment is our responsibility. This year Laurus Labs reported 0 work-related injuries and fatalities. We continuously strive to ensure

that our people-centric systems, policies & processes are ever evolving, as per the industry best practices, in order to maximize positive outcomes for our Company and our people.

Hiring and onboarding

Our hiring process is governed by the values of fairness and transparency. As part of our digitisation drive, Laurus has initiated the implementation of Darwin box, an online end to end HR platform. This platform

not only brings in efficiency in manpower requirement planning but also effectively brings about a paperless system thus improving our carbon footprint. The next phase of implementation would be to include the recruitment process and eventually the performance management system would also be integrated with this platform. The current implementation phase involves the use of this platform to manage our manpower requirement planning and approval process.

We pride ourselves in being an equal opportunity and an equal compensation employer, as is also highlighted in our Recruitment Policy. Our emphasis lies entirely on the expertise of potential hires. In FY22, we hired a total of 1757 individuals as full-time employees. Of these, we hired 140 full-time female employees. For FY22, an increase of ~94 percent has been recorded for the number of full-time employees hired, as compared to FY21 levels.

Total employees break-up in FY 2021-2022					
Category	<30	30-50	>50	M	F
Management (CXO, Level - 1)	0	1	13	14	0
Executive (Level 2, 3 & 4)	0	616	50	624	42
Permanent workers (Level 5 & 6)	2503	1903	28	4095	339
Total	2503	2520	91	4733	381

The above table covers data for Units-1,2,3,4,5,6 and R&D

Total employees hired in FY 2021-2022					
Category	<30	30-50	>50	M	F
Management (CXO, Level - 1)	0	0	0	0	0
Executive (Level 2, 3 & 4)	0	34	4	36	2
Permanent workers (Level 5 & 6)	1082	310	327	1581	138
Total	1082	344	331	1617	140

The above table covers data for Units-1,2,3,4,5,6 and R&D

The end-to-end hiring process is managed by our Manpower Recruitment Team, based out of Visakhapatnam. When the need for hiring new recruits arises, it is brought to the attention of the Recruitment Team by the concerned Departments via a 'Manpower Requisition' form which provides details on the nature of vacancy and the appropriate skill set of the employee that can potentially fill the spot. Each Department sets aside a hiring budget at the beginning of every financial year, post the CEO's approval.

We have also tied up with academic institutions, such as the Gandhi Institute of Technology

and Management and Krishna universities, to provide courses on relevant industrial skill development. Students who have successfully completed the course are awarded a completion and certificate. Shortlisted students can potentially be absorbed into specific roles within the Company.

Performance management of our talent

We have developed a performance based talent management process which assists us in identifying and addressing gaps in talent requirements across the organization. This process allows us to objectively evaluate

the performance of our employees on a periodic basis. All our employees undergo performance appraisals at the end of each financial year by their respective Department Heads. Based on the outcome of the appraisals, the necessary next steps in terms of skill development or relevant training sessions are identified for employees with identifiable gaps in skill set, by the senior management. These sessions are delivered either by internal experts or external training agencies, depending on the nature of the gap.

We remain committed to the overall development of our people and ensure that outstanding performances do not go unnoticed or unappreciated. Employees who display high levels of individual performance, caliber and integrity in their work are offered several rewards, including the Employee Stock Options (ESOP schemes), as means to motivate them to continue their journey towards excellence. ESOPs are also awarded to employees who have completed more than 3 years in our employment. We also ensure that employees who completed a significant number of years in our service (at 10, 15 & 20 years of service) are duly recognized and awarded our 'Service Award' as a token of our appreciation.

We also offer severance pay to all employees leaving our service, on the basis of their age and years of service.

Learning and development (L&D) initiatives

To strengthen our human capital and develop our Company's talent pool, we encourage a culture of continuous learning through

means of targeted holistic development programs. These knowledge-sharing interventions facilitate skill building and leadership development, while also shaping our Company's succession pipeline.

The learning process begins at the time of induction of new hires, starting with an introduction to our vision, values and other core aspects of our Company, hosted by our Human Resources Department. They are also trained

on Company policies, including our Code of Conduct, Anti-Discrimination Policy, Prevention of Sexual Harrassment POSH, etc. Post completion of the induction program sessions, the hires undergo job-specific training sessions tailored to their role at their respective departments. Only once the hires have successfully and satisfactorily completed their on-boarding training obligations, are they then assigned their responsibilities.

All our employees undergo periodic training sessions to further enhance their functional capabilities in line with their career aspirations. Our programs aim to support our employees by building their professional, digital, innovation and managerial skill sets. We recognise that a performance driven work culture, which promotes our values of teamwork, integrity and collaboration, enables us to co-create innovative solutions to real-world problems.

Average hours of training provided for permanent and contractual workforce		
Permanent and Contractual employees	Number of Participants	Average hours
Management	654	1.32
Other employees (staff)	39,866	1.25
Permanent workmen / Unionized Labor	4,091	2.8
Average hours of training provided for temporary workforce		
Contract workers	2,670	0.60
Others (Interns, trainees, part time employees etc.)	109	
Average hours of training by gender		
Male	44,200	1.33
Female	3,243	1.75

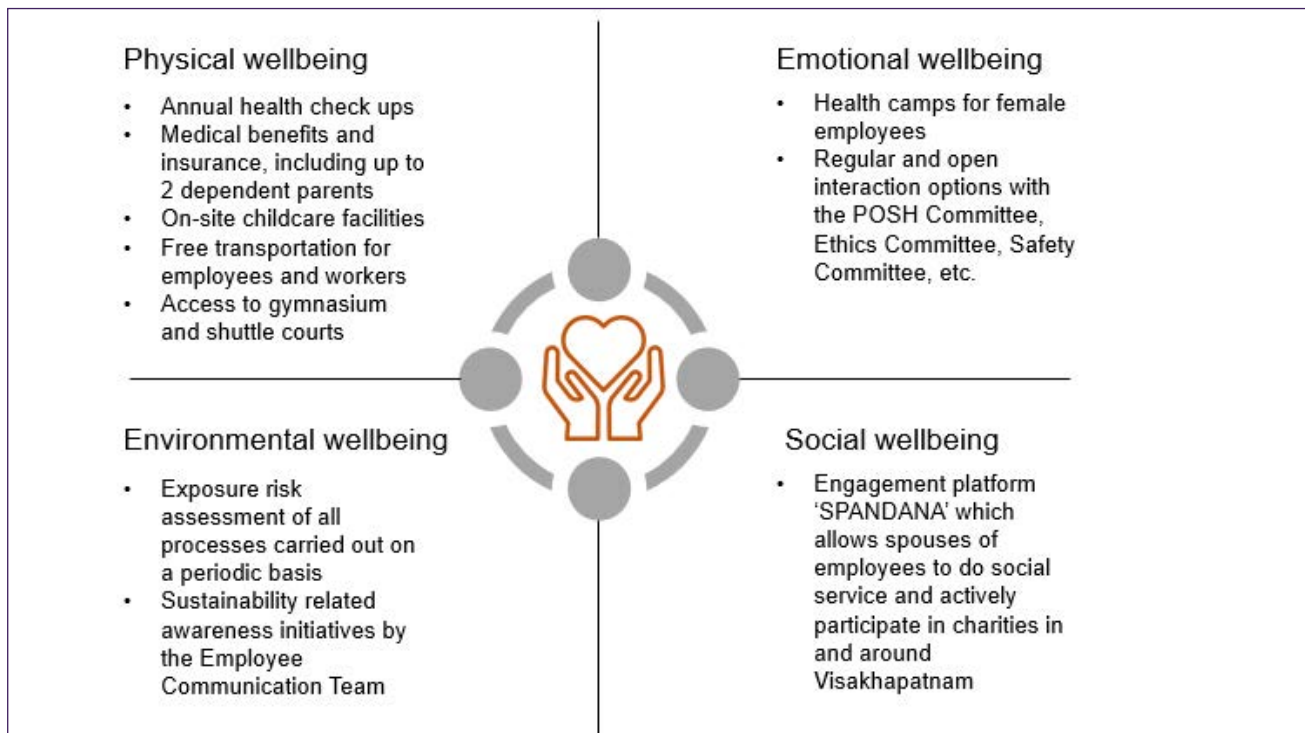
Our training programs take place across a variety of platforms to bolster their reach and accessibility to our employees. These include class room training sessions, E-Learning Management System sessions and Webex training sessions. We also encourage practical, hands-on learning through field trips and visits to exhibitions where our employees are exposed to the industry best practices. All material relevant to L&D are housed on our intranet and are accessible to all our employees.

Other training sessions include the safety sessions imparted to our contract workers on the general rules of safety which are to be followed on our factory premises.



Employee wellbeing and engagement initiatives

We offer a variety of benefits to our employees that go beyond statutory requirements and include a selection of industry best practices aimed at providing our employees with a sense of fulfillment and belonging. The broad categories of benefits are present in Figure –, which captures a portion of the wide gout of benefits that are offered to our employees.



We provide gifts to all employees who marry after they have joined us. In the case of new families, we also offer family-friendly policies, such as paid parental leave, the option to extend maternity leaves as required and creche services on site for new mothers. We also offer work-from-home arrangements, based on an understanding amongst the team members and the management.

Our purpose of engaging and bringing our workforce together is also reflected in the programs that are organized every year. Our annual 'Sports week' provides an opportunity to all our employees to participate in team building exercises and events that take place during the week. We have been celebrating 'Family day' every year since 2008 where

we interact with our employees and their families over several recreational and entertainment activities, ending the day with a dinner hosted by the Company. We have also been celebrating 'Women's Day' every year since 2009, where we host several women-centric training sessions and motivational workshops for our female employees.

We strive to create an environment where our employees are supported and cared for, beyond their professional aspirations. This is reflected in our people-centric practices towards health and wellbeing of our employees. We have established open lines of communication between the management and our employees through our in-house

programs 'Laurus Labs IGNITE' & 'SANCHALAKS'. Both programs act as mediums for our current and new employees to share their feedback and sentiment about their Laurus Labs experience on a continuous basis, thereby enabling a robust work culture which reflects this feedback. In addition to these platforms, we also organize periodic Town hall meetings, chaired by the respective Operations Heads, with the purpose of maintaining transparency between the employees and the management.

Our employees can also express their feedback or concerns through other means, such as dropping their suggestions in the Suggestions boxes located at the main gate of premises as well as located inside our factory

premises or voicing their feedback at the end of every training session. Our Whistleblower Policy also provides the steps through which employees can formally register their grievances, either via email or through physical letters sent to the address mentioned in the Policy.

Employee Health and Safety

At Laurus, the wellbeing and safety of our employees is of paramount importance. We strive to create an environment where our employees feel safe and inspired, while also ensuring that we comply with all applicable laws and regulations. Since the onset of the pandemic, we have stepped up our efforts to ensure workplace safety by undertaking numerous initiatives, including setting up health monitoring systems at the entrance of all our facilities, placing hand sanitizer units across all plants and sensitizing our employees on proper COVID precautions through carefully developed videos, signages and voice instructions, shared regularly through various platforms.

All our facilities are designed in accordance with the highest safety standards and state-of-the-art safety controls. We undertake periodic risk evaluation of our processes to identify and mitigate hazards, including Activity-Based Risk Assessment (ABRA), HAZOP and Exposure Risk Assessment (ERA) which cover risk assessment both pre- and post-implementation. The assessment process involves members from several levels, including members of the EHS team, the Process Development team, the Process Safety team, the Plant and Block Heads and representatives from the concerned department. Once

the assessment is complete, appropriate recommendations are drawn up and conveyed to the EHS team to follow up with respective departments and close applicable recommendations. Apart from this, we also undertake scheduled and unscheduled inspections of our facilities to identify potential hazards across the shop floor and other activities and initiate control measures accordingly.

We monitor all project activities, particularly the ones where contract workforce is involved, to ensure that all contract safety management procedures are followed. The contract workers are also encouraged to report any potential unsafe situation to their block in-charge and the EHS department, whenever they come across such circumstances. Our 'Incident Reporting and Investigation' procedure guides the workers on the proper steps to report any incident that they may encounter. These incidents are then picked up by the EHS team to follow through and close quickly. We have also appointed a third-party safety officer from CBRE South Asia Pacific Safety solutions to monitor our activities and ensure stringent industrial hygiene protocols are implemented across all our operations.

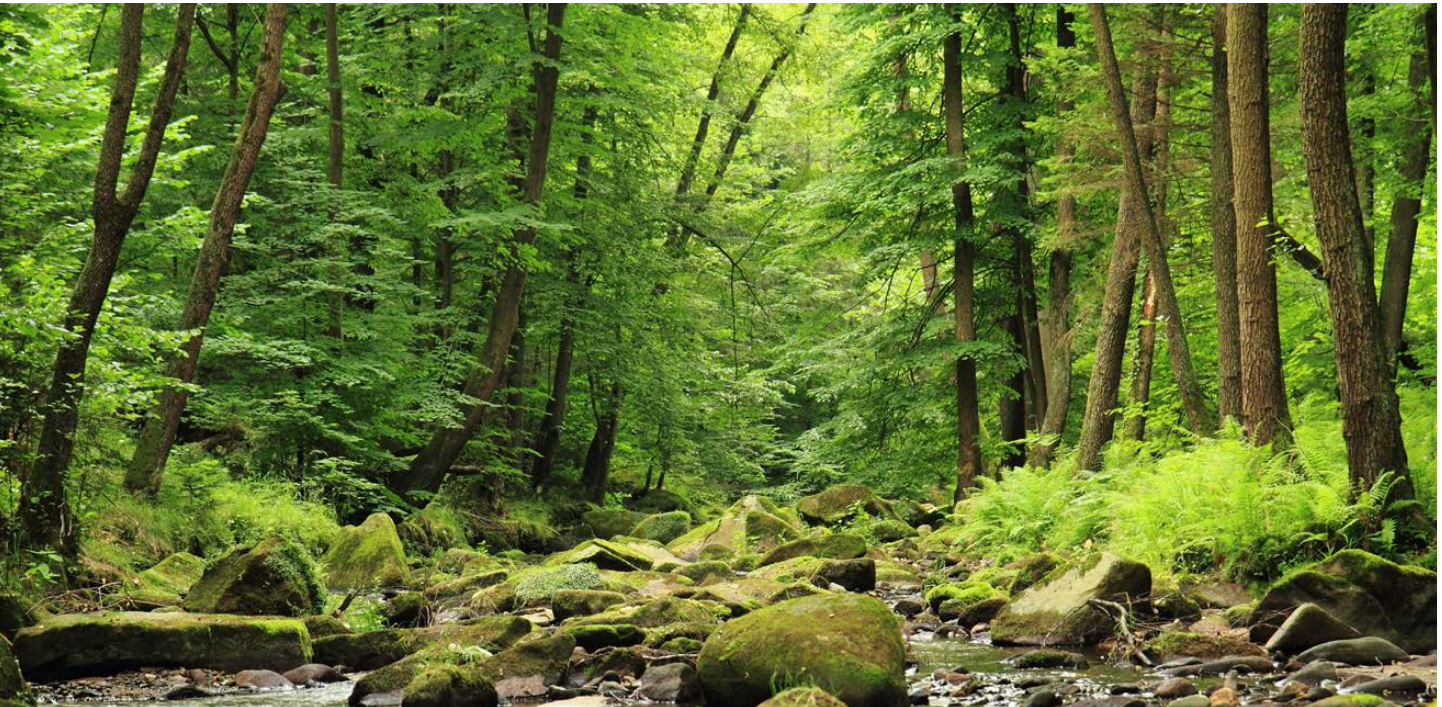
Regular training sessions on safety are conducted, administered by internal and external personnel, which cover our safety procedures, guidelines and relevant HR policies. We conduct three levels of training, starting with the 'Induction training' provided to all new joiners, followed by an 'On the job' training and finally our 'Refresher' training, developed to go over all relevant training topics once again. We have also initiated

a process during the reporting period, wherein we appoint one employee our 'Safety Officer' for a day. The employees are selected from different departments each day and undertake inspection of our plants, noting down any irregularities or points of concern which are then conveyed to our EHS department.

In addition to the training sessions, we also conduct regular mock drills, covering fire evacuation procedures and basic first aid training, administered by external trainers who select certain employees to act as the 'Emergency Response Team'. Over 60 % of our employees and contract workforce participated in the mock drills conducted in FY 22. Our Safety Committee, which includes members from our management as well as representatives from our workforce, meets every three months to discuss matters pertaining to workplace safety and address any risks or potential hazards that can impact our operations. Workers can also share their suggestions using the safety suggestion boxes installed at units.

We also provide our employees and workers with medical and healthcare services, including non-occupational checkups at the time of employment, driven by the HR and EHS teams. We have a full fledged healthcare center on site, equipped with a certified Medical Practitioner, a competent team of paramedics and a round-the-clock ambulance service. First-aid equipment is also available on site. As a result of our efforts, there have been no significant workplace incidents or accidents during the reporting period.

Natural Capital



At Laurus Labs, environmental stewardship is a key driver of our business strategy as we work to protect our natural resources, address climate issues, and reduce carbon emissions across our value chain. We are committed to using a science-based approach to innovate, create sustainable value and to solve the climate change challenge faced by the world today. We consistently strive to ensure responsible management of our environmental footprint and conservation of natural capital around us.

We are committed to promoting responsible environmental stewardship, seeking to minimize any negative impact our operations have on the environment and to comply with applicable laws, regulations, and other environmental management requirements. We promote the efficient use of resources such as energy, water, and production materials, with due regard to

the scarcity of natural resources and the environmental impact resulting from the utilization and application of such resources in conducting our business activities. Laurus' continued commitment to sustainability is reflected in our Environmental, Health and Safety (EHS) policy, which serves as a comprehensive guide for our stakeholders.

Our environmental management systems are aligned to global standards, with all of our fully commercialized manufacturing facilities and certified with ISO 14001:2015 and ISO 45001 across all our units. We complied with all relevant environmental laws throughout FY 2021-22. Along with the guidelines of the Pharmaceutical Supply Chain, we abide by all applicable local environmental laws and regulations, Generally Accepted Industry Practices (GAIPs) and the Pharmaceutical Supply Chain Initiative (PSCI). Additionally, we

go beyond these guidelines to develop a safe workplace that meets and exceeds industry standards. Due to our vigilant oversight and actions taken through we do not have any open show cause/ legal notices, and no penalties were levied by environmental regulators. Our operations do not impact environmentally sensitive zones as all our manufacturing and R&D facilities are in permitted areas.

This year, we set for ourselves bold aspirations in our sustainability journey. As a highlight, we have conducted a physical climate risk assessment on all Laurus facilities in Vizag (7 facilities), 1 R&D and 1 Corporate office in Hyderabad, SRIAM in Andhra Pradesh and Laurus Bio Private Limited in Karnataka.

Energy Efficiency

Energy management is critical to the natural capital agenda at Laurus. We optimize energy

use by investing in new energy efficient technologies and developing cleaner processes. At Laurus Labs, we support the use of strong systems to ensure the accuracy and stability of our approach to energy consumption. In line with this strategy, we have put a robust Energy Management System in place at each of our facilities. Our energy management strategy involves:

- Improving energy efficiency across our operations through awareness and monitoring
- Adopting new technology
- Enhancing the proportion of renewable sources in the total energy consumption mix

Energy efficiency measures undertaken across all operations are as follows:

- All our facilities use energy efficient LED lighting
- MEE installed at units to treat the effluent before disposal which optimizes the entire process
- Online emission monitoring system for boiler stack (> 10 on capacity Boilers) is installed at Units 2, 3 and 4
- Reduction of coal consumption by utilizing byproduct steam of 30,216 MT per annum
- Carbon filters/traps are arranged for Solvent Recovery Vents
- By fixing VFDs & temperature controls to cooling towers fans, we saved around 11,009 kWh per annum
- Compressors were replaced with radiator cooling and saved around 237,000 KWh per annum
- To promote clean and environmentally friendly transportation, we are deploying battery-powered and electric vehicles inside the units
- Internal and external audits at our manufacturing locations keep track of our energy management performance and help identify areas for improvement
- Installation of solar power panels in Unit 1, 3, 6 and R&D

Energy consumption		
Category	Unit	FY 2021-22
Total non-renewable energy consumption	MWh	216,146
Total renewable energy consumption	MWh	880

Total solar power generation		
Solar PV installation location	Unit	FY 2021-22
Unit 1	KWh	305,457
Unit 3	KWh	283,573
Unit 6	KWh	31,078
R&D	KWh	48,180
Total	KWh	668,288

Climate Change

Being a strong and responsible business, Laurus is concerned about climate change because we understand its potential impact on the environment, society, governance, and the economy. We are aware of the effects of climate change on our health, lifestyle, ecosystems, and natural habitats, as well as its effects on drastically altering weather patterns. Climate change is without a doubt one of the greatest concerns confronting the planet.

We recognize our responsibility in abating GHG emissions by managing our energy consumption from fossil fuels using the latest technologies, switching to cleaner sources of fuels, and accelerating the transition to renewable energy.

Category	Unit	FY 2021-22
Scope 1: Direct emissions	tCO2eq	132,250
Scope 2: Indirect emissions	tCO2eq	163,134
Category	Unit	FY 2021-22
Scope 3 emissions	tCO2eq	65,014
Total GHG emissions (scope 1, 2, & 3)	tCO2eq	360,398
GHG emission intensity	tCO2eq/Revenue in Million INR	7.30

The table above provides our total GHG emissions

Emission substances (value in tons)	Value
Particulate Matter Emissions	132.49
SO2 Emissions	525.6
NOx Emissions	163.05
Others (Including Hazardous Air Emissions, POP, and VOC)	321.25

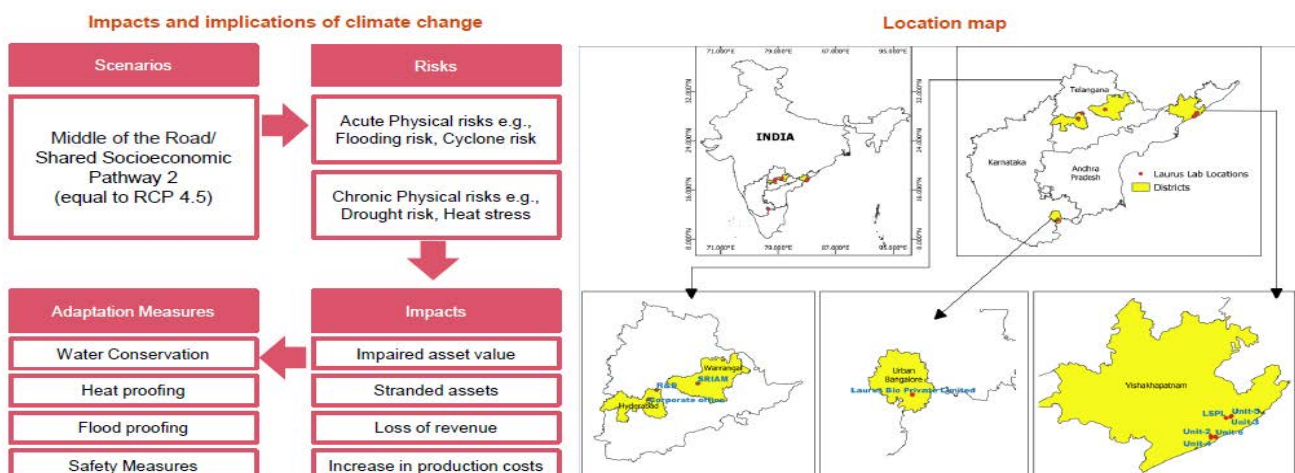
The table above provides NOx, SOx, and other significant air emissions by type and weight

We calculated our scope 3 emissions to strengthen the existing GHG inventory and developing targets in alignment with SBTi. Scope 3 emissions include purchased goods, upstream, downstream transport, and fuel/energy related emissions. We have also carried out a performance study of the solvent recovery unit of Unit-3 with a reputed external agency and carried out an exposure risk assessment and monitor exposure of all potential areas as per SOP EHS/004 (EHS Risk Assessment).

Climate risk assessment

We have conducted our first physical climate risk assessment in this reporting period. We have identified our climate risks over the next 30 year and have preliminary adaptation strategies and will conduct a detailed techno-feasibility and cost benefit analysis for implementation of these measures in coming years. The assessment was done for all Laurus facilities in Vizag (7 facilities), 1 R&D and 1 Corporate office in Hyderabad, SRIAM in Andhra Pradesh and Laurus Bio Private Limited in Karnataka.

It is difficult to project future emissions and other human factors that influence climate, IPCC recommends using a range of scenarios with various assumptions about future economic, social, technological, and environmental conditions. Such scenarios have been very useful in estimating possible ramifications of global climate change.



Taking SSP 2- RCP 4.5 as a scenario, a number of physical risks have been assessed till 2020-39, 2040-2059 for all our business units. We used the following indicators for the climate risk assessment:

- Max-Temperature
- Min-Temperature
- Precipitation
- Number of Very Hot Days (Tmax > 35°C)
- Largest 5-day Cumulative Precipitation
- Maximum Length of Consecutive Dry Spell
- Maximum Length of Consecutive Wet Spell
- Number of Heating degree days (ref 65o F)
- Number of Cooling degree days (ref 65o F)
- Relative Humidity
- Water Stress, Cyclone / Change in wind Speed
- Sea Level Rise

As per the risk assessment following were the findings:

- **Unit 1-6 is at highest** risk due to sea level rise. They will also face an increase in precipitation from 2020-39 to 2040-2059 leading to excessive floods.

- Our **R&D** unit will face the maximum length of consecutive wet spell days.
- The **Laurus Bio Private Ltd** located in Karnataka will experience maximum rise in temperature between 2040-59 (0.93°C). It will experience a maximum rise in the number of hot days translating into heat waves impacting occupants' health or impact infrastructure including walls, greenery etc. It will have the most water stress by 2060.
- **SRIAM** will experience the largest 5-day cumulative rainfall from 2020-39 to 2040-2059. This will most likely result in flooding. It will have the most increase in relative humidity by 2060 driving up air-conditioning and other electricity costs. It may also increase mold growth in the buildings
- **Laurus Synthesis Private Ltd** will also face a rise in temperature (0.84°C) in 2030-2050 leading to a higher energy demand.
- **Corporate offices** will face the maximum rise in temperature (0.44°C) in 2020-2039 leading to a higher energy demand. The cooling degree days are the highest for the Corporate office.

Water Management

Water is a critical resource essential for the sustenance of life and health. Its management and conservation is a crucial aspect of Natural Capital management at Laurus. We are committed to responsibly utilizing the scarce water resources and maximizing the reuse and recycling of water in our own operations. We reduce, recycle, and reuse the highly pure water we use during the manufacturing process. Rainwater harvesting is also done in non-production areas such as administrative buildings and cafeterias.

Some of the water conservation measures are:

- The amount of steam condensate water taking back to boiler is 18,250 KL
- MFG & Softener regeneration water used for gardening is 31,025 KL
- HCl column condensate water used for cooling tower make-up is 10,000 KL
- Reactor jackets drain water is used for cooling towers is 18,745 KL
- Reduction of water consumption due to process optimization is 5,800 KL
- Installation of flow restrictors in water lines to washrooms 13,219 KL

Water Consumption and Discharge		
Category	Unit	FY 2021-22
Municipal water supplies (or from other water utilities)	Million m3	1.31

Note - The above values includes figures of all six manufacturing units and R&D.

Managing and Minimizing waste

In keeping with our focus on sustainable company operations, Laurus Labs strives to reduce waste generated at the source whenever possible and recycle the residual waste. A considerable portion of the waste generated in the pharmaceutical industry is categorized as hazardous and must be handled with caution. We ensure

that the waste generated by our operations is effectively monitored and disposed of in accordance with all relevant regulatory standards.

We also regularly monitor our waste management systems and procedures to ensure that the waste generated throughout our sites undergoes proper and safe treatment. Solvent recovery systems deployed at our API locations allow predefined volumes of used solvent to be recovered. Our operational efficiency allows us to use

resources conservatively and reduce waste. We comply with all the local and national regulations, in addition to adopting global standards in safe handling and disposal of emissions and effluents. Some of the active measures and interventions to reduce processed waste from our operations are:

- ATDF-2 process effluent generation reduced @12 KL per batch i.e., FY 2021-22: 6076KL
- By installing electrolytic water treatment system for cooling tower: 9,125 KL

- All used batteries are returned to the supplier or recycler. E-waste is collected and delivered to authorized recyclers
- In FY 2021-22 100% of the hazardous waste produced was disposed safely across all units
- E-waste is being sent to authorized recyclers
- Total E-waste disposed: 1.380 Tons
- Used batteries disposed of: 250 Nos.

Hazardous waste		
Category	Unit	FY 2021-22
Total hazardous waste recycled/reused	MT	16,640
Total hazardous waste disposed	MT	6,328
Hazardous waste landfilled	MT	1,827
Incinerated without energy recovery	MT	455
Disposed through Co-processing	MT	4,041








Note - The above values includes figures of all six manufacturing units and R&D.

Unit wise ESG KPIs for FY 2021-22

S. No.	Key performance indicators	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6	Unit R&D
1	Total non-renewable energy consumption (Values in KWh)	6,05,41,223	3,27,58,291	7,17,54,617	1,93,10,508	92,65,470	1,36,11,556	89,04,040
2	Total renewable energy consumption (Values in KWh)	3,55,966	0	4,44,416	0	0	31,078	48,180
3	GHG Emissions Scope 1: Direct emissions (Values in tCO2)	4,490	13,025	74,166	24,444	2,033	13,281	812
4	GHG Emissions Scope 2: Indirect emissions (Values in tCO2)	46,897	24,264	54,451	14,363	6,984	10,118	6,057
5	Water Consumption (Values in m3)	2,89,000	1,56,000	5,03,000	1,93,500	34,000	1,00,000	30,000
6	Total hazardous waste recycled/reused (Values in tons)	5,146	361	5,342	1,806	1,110	2,834	41
7	Total hazardous waste generated (Values in tons)	6,815	447	7,545	2,951	1,220	3,960	44
8	Fatality	0	0	0	0	0	0	0
9	LTI	0	0	0	0	0	0	0
10	LTIFR	0	0	0	0	0	0	0
11	Number of complaints/notices received	0	0	0	0	0	0	0
12	Number of grievances reported	0	0	0	0	0	0	0
13	Whistle blown	0	0	0	0	0	0	0

Creating value in a changing world

Laurus Labs' approach to value creation

Capitals	Inputs	Our Business
 <p>Financial</p>	<p>INR 1,084 crore PBT</p>	 <p>Laurus Generics – API</p> <p>Laurus Generics – FDF</p> <p>Laurus Synthesis</p> <p>Laurus Bio</p>
 <p>Manufacturing</p>	<p>7 Units 40% Local vendors 1900 suppliers</p>	
 <p>Intellectual</p>	<p>790 + scientists working on R&D Strong R&D approach and commitment to quality</p>	
 <p>Human</p>	<p>5114 permanent employees 64,337 training hours 60% employees participated in mock drills</p>	
 <p>Social</p>	<p>INR 11.7 crore - Spent towards community development activities 302 customers served</p>	
 <p>Natural</p>	<p>2,16,146 MWh of energy consumption 13,05,500 KL of water consumption</p>	

Outputs	Outcomes	SDGs
<ul style="list-style-type: none"> - INR 828 crore PAT - INR 4,936 crore Revenue, - INR 1,436 crore EBIDTA 	<ul style="list-style-type: none"> - Sustained growth in revenue driven by operational performance - Robust balance sheet - Sustained cash flow and strong liquidity position - Long-term value creation for shareholders through increased returns 	 
<ul style="list-style-type: none"> - 60 products since inception - 7 new products - Localising procurement - 64 suppliers were screened using sustainability criteria 	<ul style="list-style-type: none"> - Improved infrastructure efficiency - Integrity and safety measures - Sustainable capital investment - Production of quality products with minimum lead time - Waste reduction - Increase in operational efficiency 	   
<ul style="list-style-type: none"> - 1 R&D centre - 315 Patents filed - 184 patents granted - 202 crore spent on R&D 	<ul style="list-style-type: none"> - Innovation of new products - Development and deployment of sustainable and green technologies - Building robust brand portfolio - Enhanced quality of products 	 
<ul style="list-style-type: none"> - 100% employees received career development reviews - ESOPs awarded to employees completing more than 3 years - Healthy and skilled workforce - 0 LTIFR 	<ul style="list-style-type: none"> - Safe & Healthy Workplace - Engaged & Motivated workforce - Appropriate/Critical Talent Acquisition - Harmonious Employee Relations 	     
<ul style="list-style-type: none"> - 10+ Organizations / NGOs supported - 5000+ Families supported - 4000+ Students benefited 	<ul style="list-style-type: none"> - Upliftment of the society at large - Strong business relationship with suppliers and business partners - Proactive involvement with various government and industry bodies - Improved Customer Satisfaction/ Acquisition - Harmonious Employee Relations 	          
<ul style="list-style-type: none"> - 2,95,384 tCO2 of GHG emissions - 6,68,288 kWA of renewable energy KWh - 16,640 MT of Waste recycled/Reused. 	<ul style="list-style-type: none"> - Efforts to alleviate the impact of climate change - Reduction in environmental footprint - Water and resource management 	   

GRI Index

S. No	GRI Standard Number	Disclosure number	Description	Section/Subsection Title	Page No./ Explanation
General Disclosures					
1		102-1	Name of the organization	Introduction	1
2		102-2	Activities, brands, products, and services	Products	17
4		102-4	Location of operations	About the report	8
6		102-6	Markets served	Products	17
7		102-7	Scale of the organization	About the report	8
8		102-8	Information on employees and other workers	Human Capital	42
9	GRI 102 - General disclosures	102-9	Supply chain	Fostering long-term relationships with suppliers	39
10		102-10	Significant changes to the organization and its supply chain	Ensuring sustainability within the supply chain	40
11		102-11	Precautionary Principle or approach	Cautionary statement	8
13		102-13	Membership of associations	Our collaborations	41
14		102-14	Statement from senior decision-maker	CEO'S message	6
15		102-15	Key impacts, risks and opportunities	An Integrated Approach to Risk Management	21
16		102-16	Organization's values, principles, standards, and norms of behaviour	About Laurus Labs	15
17		102-17	Mechanisms for advice and concerns about ethics	Ensuring sustainability within the supply chain	40
18		102-18	Governance structure	Board Committees	19
21		102-21	Consulting stakeholders on economic, environmental and social topics	Board Committees	19
22	102-22	Composition of the highest governance body and its committees	Board Committees	19	
23	102-23	Chair of the highest governance body	Board Committees	19	
26	102-26	Role of highest governance body in setting purpose, values and strategy	CEO'S message	6	
27	102-27	Collective knowledge of highest governance body on ESG topics	Board Composition and Expertise	19	
30	102-30	Highest governing body's role in reviewing the effectiveness of risk management processes	An Integrated Approach to Risk Management	21	

GRI Index Contd...

S. No	GRI Standard Number	Disclosure number	Description	Section/Subsection Title	Page No./ Explanation
General Disclosures					
32		102-32	Highest governance body's role in sustainability reporting	Board Composition and Expertise	19
40		102-40	List of stakeholder groups	Human Capital	42
43		102-44	Key topics and concerns raised	Our approach to materiality	24
44		102-45	Entities included in the consolidated financial statements	Financial Capital	28
45		102-46	Defining report content and topic boundaries	About the report	8
46		102-47	List of material topics	Our approach to materiality	24
48		102-49	Changes in reporting	About the report	8
49		102-50	Reporting period	About the report	8
52		102-53	Contact points for questions regarding the report	Contact information	58
53		102-54	Claims of reporting in accordance with GRI Standards	GRI Index	51
54		102-55	GRI content index	GRI Index	51
56	GRI 103 - Management approach	103-1	Explanation of the material topic and its boundary	Our approach to materiality	24
57		103-2	The management approach and its components	Our approach to materiality	24
58		103-3	Evaluation of the management approach	Our management approach	34
GRI 200: Economic					
59	GRI 201 - Economic performance	201-1	Direct economic value generated and distributed	Financial Capital	28
60		201-2	Financial implications and other risks and opportunities due to climate change	Climate-risk preparedness	22
62	GRI 203 - Indirect economic impacts	203-1	Infrastructure investments and services supported	Manufactured Capital	31
GRI 300: Environmental					
68	GRI 302 - Energy	302-1	Energy consumption within the organization	Energy Efficiency	48
71		302-4	Reduction of energy consumption	Energy Efficiency	47
73		303-2	Management of water discharge-related impacts	Water management	49
74		303-5	Water consumption	Water management	50

GRI Index Contd...

S. No	GRI Standard Number	Disclosure number	Description	Section/Subsection Title	Page No./ Explanation
General Disclosures					
75	GRI 305 - Emissions	305-1	Direct (Scope 1) GHG emissions	Climate Change	48
76		305-2	Energy indirect (Scope 2) GHG emissions	Climate Change	48
77		305-3	Other Scope 3 emissions	Climate Change	48
78		305-4	GHG emissions intensity	Climate Change	48
79		305-5	Reduction GHG emissions	Climate Change	48
80		305-6	Emissions of ozone-depleting substances (ODS)	Climate Change	48
81		305-7	Nitrogen Oxides (NOX), Sulphur Oxides (SOX), and other significant air emissions	Climate Change	48
82	GRI 306 - Waste	306-1	Waste generation and significant waste related impacts	Managing and Minimizing waste	50
83		306-2	Waste by type and disposal method	Managing and Minimizing waste	50
86		306-5	Waste directed to disposal	Managing and Minimizing waste	50
88	GRI 308 - Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	Fostering long-term relationships with suppliers	39
GRI 400: Social					
90	GRI 401 Employment	401-1	New employee hires and employee turnover	Human Capital	42
92		401-3	Parental leave	Employee wellbeing and engagement initiatives	45
94	GRI 403 - Occupational health and safety	403-1	Occupational health and safety management system	Regulatory compliance	32
95		403-2	Hazard identification, risk assessment, and incident investigation	Employee Health and Safety	46
98		403-9	Work-related injuries	Being an employer of choice	42
99		403-10	Work-related health	Being an employer of choice	42
100	GRI 404- Training and education	404-1	Average hours of training per year per employee	Learning and development (L&D) initiatives	44
101		404-2	Programs for upgrading employee skills and transition assistance programs	Learning and development (L&D) initiatives	44
113	GRI 413- Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	Social and Relationship Capital	37



Independent Assurance Statement

To The Management
M/s. Laurus Labs Limited,
Registered Office:
Plot No. 21, Jawaharlal Nehru Pharma City,
Parawada, Anakapalli-531021,
Andhra Pradesh, India

Laurus Labs Limited (hereafter 'LLL') commissioned NQA Certification Private Limited (NQA) to conduct independent external assurance of non-financial information disclosed in LLL's Sustainability Integrated Report (hereinafter 'the Report') for the period April 1, 2021 to March 31, 2022 period. This engagement comprises a "limited assurance" of LLL's sustainability information for applied reporting period. The Report is based on material disclosure as per GRI Standards and ISAE 3000 (Revised) standard applied for assurance of the Report.

Responsibility of the Management

LLL has developed the Report content. Its Management is responsible for identifying material topics and carrying out the collection, analysis, and disclosure of the information presented in web-based and printed Report, including website maintenance and integrity. LLL's Management is also responsible for ensuring the quality and accuracy of the Report in accordance with the applied criteria stated in the GRI standards in such a way that it is free of intended or unintended material misstatements.

Scope and Boundary

The scope of work includes limited assurance of the following non-financial KPI disclosures given in the Report. In particular, the assurance engagement included the following:

- Review of the disclosures submitted by LLL;
- Review of the quality of information;
- Review of evidence (on sample basis) for identified non-financial indicators

NQA has verified the below material disclosures.

GRI 201: Economic Performance 2016
GRI 203: Procurement Practices 2016
GRI 302: Energy 2016
GRI 303: Water and Effluents 2018
GRI 305: Emissions 2016
GRI 306: Waste 2020
GRI 401: Employment 2016
GRI 403: Occupational Health and Safety 2018
GRI 404: Training & Education 2016
GRI 413: Local Communities 2016

CIN – U74140KA1997PTC022121



NQA Certification Pvt. Ltd.

2-4/1, Satyanarayanapuram, Chaitanyapuri, Dilsukhnagar, Hyderabad - 500060,
Telangana State, India.
Mobile: 98480 21382 / 99482 98213, Email: srchoda1@gmail.com
Admin. Office: Bangalore, Head Quarters: Dunstable, U.K.

Page 1 of 4

Provides Certification Process for ISO 9001/14001/ISO 45001/ISO 27001/50001/22000/15378/13485/AS 9100/TS 16949 standards



The reporting boundaries for the above topics include 6 Manufacturing Units and R&D Facility (Laurus Labs Limited, Plot No. 21, Jawaharlal Nehru Pharma City, Parawada, Anakapalli-531021, Andhra Pradesh, India). On-site verification was conducted in August 2022. The assurance activities were done together with a desk review carried out for all LLL sites within the reporting boundary. Applicable boundaries for disclosures are explained in the Report.

Limitations

NQA did not perform any assurance procedures on the prospective information, such as targets, expectations and ambitions disclosed in the Report. Consequently, NQA draws no conclusion on the prospective information. LLL sustainability report is only cover the data of key material disclosures. During the assurance process, NQA did not come across any limitation to the agreed scope of the assurance engagement. NQA expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

Our Responsibility

NQA responsibility in relation to this engagement was to perform a limited level of assurance and to express a conclusion based on the work performed. This engagement did not include an assessment of the adequacy or the effectiveness of LLL's strategy or Management of sustainability-related issues or the sufficiency of the Report against principles of GRI Standards and ISAE 3000 (Revised), other than those mentioned in the scope of assurance. NQA's responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial quantitative information disclosed by LLL. This assurance engagement is based on the assumption that the data and information provided to us by LLL are complete and true.

Verification Methodology

During the assurance engagement, NQA adopted a risk-based approach, focusing on verification efforts with respect to disclosures. NQA has verified the disclosures and assessed the robustness of the underlying data management system, information flows, and controls. In doing so:

- NQA examined and reviewed the documents, data, and other information made available by LLL for non-financial disclosures;
- NQA conducted interviews with key representatives, including data owners and decision-makers from different functions of LLL.

Opportunities for Improvement

The following are the opportunities for improvement reported to LLL. However, they are generally consistent with the Management's objectives and programs,

- LLL may opt for social compliance audit at its manufacturing units
- Mechanism to deal with complaints on bribery / corruption for vendors/suppliers can be developed
- LLL should look further to record and report other category Scope 3 emissions
- LLL can look forward for data digitalization to improve the accuracy

CIN – U74140KA1997PTC022121



NQA Certification Pvt. Ltd.

2-4/1, Satyanarayanapuram, Chaitanyapuri, Dilsukhnagar, Hyderabad – 500060, Telangana State, India.

Mobile: 98480 21382 / 99482 98213, Email: srchoda1@gmail.com

Admin. Office: Bangalore, Head Quarters: Dunstable, U.K.

Page 2 of 4

vides Certification Process for ISO 9001/14001/ISO 45001/ISO 27001/50001/22000/15378/13485/AS 9100/TS 16949 standards



Conclusion

In our opinion, based on the scope of this assurance engagement, the disclosures on Sustainability performance disclosed in the Report along with the referenced information provides a fair representation of the material topics, related strategies, and meets the general content and quality requirements of the GRI Standards Core option.

Disclosures: NQA is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements for in accordance with the "Core" option.

Topic Specific Standard: 200 series (Economic topics), 300 series (Environmental topics), and 400 series (Social topics); These Topic-specific Standards were used to report information on the organization's impacts related to environmental and social topics. NQA is of the opinion that the reported material topics and Topic-specific Standards that LLL used to prepare its Report are appropriately identified and addressed.

Limited Assurance Conclusion: Based on the procedures we have performed; nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement was not prepared in all material respects. NQA found the sustainability information to be reliable in all material respects, with regards to the reporting criteria ("Core") of the GRI Standards. This assurance statement has been prepared in accordance with the terms of our engagement. In accordance with the ISAE 3000 (Revised) requirements read in conjunction with ISAE 3410, the below principles were adhered ISAE 3000 (Revised)

- **Independence**

NQA follows International Ethics Standards which, adopts a threats and safeguards approach to independence. It is confirmed that the Assurance Team is selected to avoid situations of self-interest, self-review, advocacy, and familiarity. The Assessment Team was safeguarded from any type of intimidation.

- **Quality control**

The Assurance Team complies with the International Ethics Standards, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. In accordance with International Standard on Quality Control, NQA maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Inclusivity: Stakeholder identification and engagement is carried out by LLL on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. In our view, the Report meets the requirements.

CIN – U74140KA1997PTC022121



NQA Certification Pvt. Ltd.

2-4/1, Satyanarayanapuram, Chaitanyapuri, Dilsukhnagar, Hyderabad – 500060,
Telangana State, India.

Mobile: 98480 21382 / 99482 98213, Email: srchoda1@gmail.com

Admin. Office: Bangalore, Head Quarters: Dunstable, U.K.

Page 3 of 4

Provides Certification Process for ISO 9001/14001/ISO 45001/ISO 27001/50001/22000/15378/13485/AS 9100/TS 16949 standards



Materiality: The materiality assessment process has been carried out based on the requirements of the GRI Standards, considering topics that are internal and external to the LLL range of businesses. The Report fairly brings out the aspects and topics and their respective boundaries of the diverse operations of LLL. In our view, the Report meets the requirements.

Responsiveness: NQA believes that the responses to the material aspects are fairly articulated in the Report, i.e., disclosures on LLL policies and management systems, including governance. In our view, the Report meets the requirements.


Impact: LLL communicates its sustainability performance through regular, transparent internal and external reporting throughout the year, aligned with GRI, as part of its policy framework encompassing the Environmental, Social, Ethical and other policies. LLL reports on sustainability performance to the Board of Directors, who oversees and monitors the implementation and performance of objectives, as well as progress against goals and targets for addressing sustainability-related issues. LLL initiated the process of establishing goals and targets against which performance will be monitored and disclosed periodically.

NQA expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement. The intended users of this assurance statement are the Management of LLL. The Management of the LLL is responsible for the information provided in the Report as well as the process of collecting, analysing, and reporting the information presented in web-based and printed Report, including website maintenance and its integrity.

Assurance Team and Independence

NQA is an independent, neutral third party providing sustainability services with qualified environmental and social specialists. NQA states its independence and impartiality and confirms that there is "No Conflict of Interest" with regard to this assurance engagement. In the reporting year, NQA did not work with LLL on any engagement that could compromise the independence or impartiality of our findings, conclusions, and recommendations. NQA was not involved in the preparation of any content or data included in the Report, with the exception of this Assurance Statement. NQA maintains complete impartiality towards any individuals interviewed during the assurance engagement.

For and on behalf of NQA Certification Private Limited


Sambasiva Rao Choda (S. R. Choda)
Lead Auditor
QMS, EMS, OH&S, EnMS
IRCA Regd. No.: A009094



CIN – U74140KA1997PTC022121



NQA Certification Pvt. Ltd.

2-4/1, Satyanarayanapuram, Chaitanyapuri, Dilsukhnagar, Hyderabad – 500060,
Telangana State, India.

Mobile: 98480 21382 / 99482 98213, Email: srchoda1@gmail.com

Admin. Office: Bangalore, Head Quarters: Dunstable, U.K.

Page 4 of 4

Provides Certification Process for ISO 9001/14001/ISO 45001/ISO 27001/50001/22000/15378/13485/AS 9100/TS 16949 standards



Corporate Office

2nd floor, Serene Chambers,
Road No. 7, Banjara Hills,
Hyderabad - 500 034,
Telangana, India.

Phone: +91 40 3980 4333

Fax: +91 40 3980 4320

Email: info@lauruslabs.com

Website: www.lauruslabs.com

CIN: L24239AP2005PLC047518