LAURUS Labs
Knowledge . Innovation . Excellence

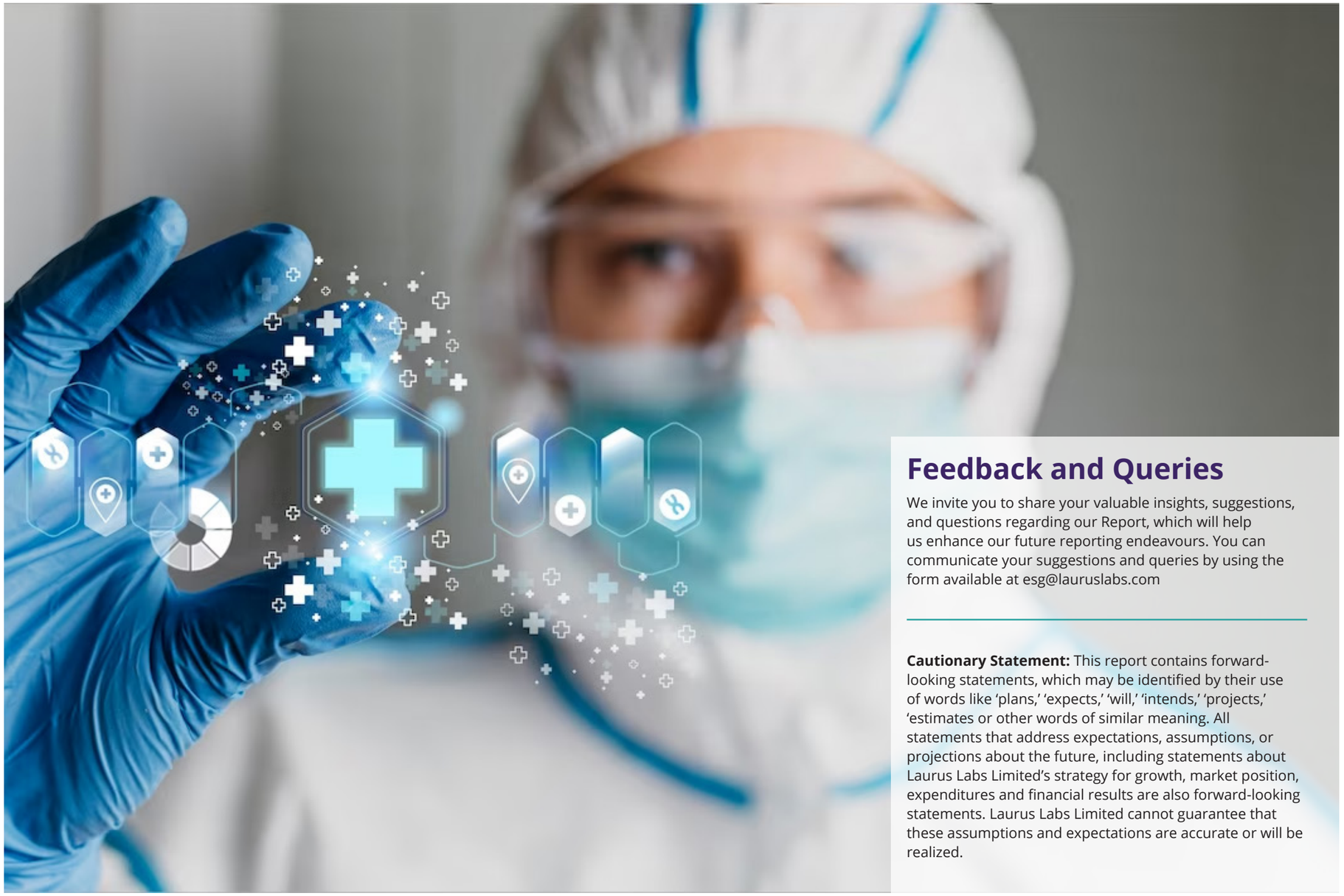
Integrated Report
2022-23

Pioneering Responsible Innovation for a **Better Future**

Contents

About the Report

We are proud to publish our third edition of Integrated report in line with our vision to become a leading player in global pharmaceutical solutions for a healthier world. The report provides an overview of our sustainability performance during FY 2022-23 and outlines our goals, commitments, and progress we have made against set Key Performance Indicators (KPIs) for our key material issues.



Report Overview

Our Integrated Report FY 2022-23 adheres to the principles and guidelines set forth by the International Integrated Reporting Council's (IIRC) Framework and has been prepared with reference to Global Reporting Initiative (GRI) Standards. By aligning with these reporting frameworks, we aim to provide our stakeholders with a comprehensive overview of our Environment, Social, and Governance (ESG) KPIs, targets, and their impact.

Through this report, we strive to showcase the value we bring to the healthcare industry and our dedication to uplift society.

Reporting Boundaries and Scope

The report covers ESG performance of six manufacturing facilities and one R&D facility. The financial performance is presented on a consolidated level.

Feedback and Queries

We invite you to share your valuable insights, suggestions, and questions regarding our Report, which will help us enhance our future reporting endeavours. You can communicate your suggestions and queries by using the form available at esg@lauruslabs.com

Cautionary Statement: This report contains forward-looking statements, which may be identified by their use of words like 'plans,' 'expects,' 'will,' 'intends,' 'projects,' 'estimates or other words of similar meaning. All statements that address expectations, assumptions, or projections about the future, including statements about Laurus Labs Limited's strategy for growth, market position, expenditures and financial results are also forward-looking statements. Laurus Labs Limited cannot guarantee that these assumptions and expectations are accurate or will be realized.

CEO Message

I am incredibly proud of how Laurus Labs held steadfast in its purpose of fostering a healthier world by producing affordable healthcare solutions. This purpose continues to drive a powerful strategy that, we believe will help, expand markets where we operate, navigate macroeconomic uncertainties, and create sustainable value for our stakeholders.

As we celebrate 17 years of our journey, Laurus Labs remains as dynamic, agile, and future-oriented as ever. Our core purpose, anchored in the values of Knowledge, Innovation, Excellence, Integrity, and Care, continues to drive us towards fostering a healthier world by producing affordable healthcare solutions.

Over the past year, we have showcased adaptability, innovation, and resilience in response to evolving circumstances. Collaborative efforts with diverse stakeholders have been instrumental in overcoming challenges and expanding healthcare access, ensuring medicine security for those who need it most.

Our commitment extends beyond just delivering value; it encompasses a profound dedication to the environment, the community, and ethical governance. That's why I'm pleased to present our third edition of the 'Integrated Report,' that showcases our Environmental, Social, and Governance (ESG) disclosures in line with the reporting framework established by the International Integrated Reporting Council (IIRC).

Our Growth Story

We began our journey as a Contract Research and Manufacturing (CRAMs) company, we ventured into APIs, intermediates, Formulations, and Bio and Cell therapy areas. The strategic fusion of research and manufacturing, along with a strong focus on R&D and strategic partnerships, has earned us a prominent position in the global pharmaceutical arena.

Performance Highlights

Despite relentless pricing pressures, our core operations witnessed remarkable growth. Revenues surged to INR 6,041 Crores, reflecting a 22% growth, with an EBITDA of INR 1,594 Crores, resulting in a commendable 26% margin. Our investments in growth continued, with CAPEX reaching INR 990 Crores, or 16% of revenues.

Capacity Expansion and Scientific Advancements

Over the years, we have intensified our efforts to expand capacity in five different locations and invested in capital to meet our strategic plans. Our reactor volumes have has surpassed ~ 7.5 million liters, and our capacity to produce Finished Dosage Forms (FDF) now stands at an impressive 10 billion units. Furthermore, we have secured a significant role as a panel supplier for a global fund that specializes in Anti-Retroviral (ARV) Drugs, and this partnership is extended until the fiscal year 2025

We strengthened our scientific capabilities, offering cutting-edge technologies to global customers, including continuous flow chemistry, bio-catalysis, continuous chromatography, enzyme development, precision fermentation, and more.

Being Self-Reliant and Future-Ready

As we enter the post-pandemic era, we're aligning with India's vision to transition from "Make in India" to "Discover, Invent, and Make in India." We proactively invest in cutting-edge products and manufacturing capabilities to maintain our leadership position in various therapeutic areas.

People Safety and Well-being

We deeply appreciate our dedicated employees' contributions, and we extend our condolences to those affected by the tragic incident in December 2022. Our thoughts and prayers are with all those who have suffered loss, injury, or distress. We are committed to a thorough investigation, corrective actions, and enhanced safety measures in collaboration with regulatory authorities and safety experts. Our comprehensive Employee Assistance Program (EAP) in collaboration with the PRAAN foundation supports mental well-being and stress-free work environments for our people.

Sustainability

Our commitment to growth through sustainable and responsible actions is our strategic business pillar that are foundational to everything we do. With this purpose in mind, we aim to take actions to drive impact throughout our business — from redesigning our products to reducing our environmental impact to supporting local communities through strategic partnerships and employee activities. Our efforts have been recognized internationally, with significant improvements in our ESG ratings. Our ESG score as per S&P Global's CSA rose to 43 from 13 in 2021. We were also awarded a Silver Medal by EcoVadis for our sustainability initiatives. We continue to stay committed to setting and attaining ESG goals in line with global standards as well as stakeholder expectations.

Looking Ahead

In the fiscal year 2024, we aim to strengthen our technological and manufacturing capabilities towards clean and green chemistries - Bio-catalysis, Continuous Flow Chemistry, etc., increased focus on waste reduction and improved environmental practices. Going forward, we aim to set targets to reduce green house emissions, energy and water intensity between 10 and 20%

In closing, we extend our heartfelt gratitude for your enduring support and trust in Laurus Labs. With confidence, we look forward to achieving new milestones together and forging sustainable value for all our stakeholders.

Sincerely,

Dr Satyanarayana Chava
CEO, Laurus Labs

About Laurus Labs

Overview

With a steadfast commitment to transform the pharmaceutical landscape, Dr. Satyanarayana Chava founded Laurus Labs in 2006 as a Contract Research and Manufacturing Services (CRAMS) company. Since then, we have travelled a long way. The expertise of our R&D team, enhanced capacity and the emphasis on quality and technology remains principal business driver for elevating to the next level of sustainable growth as a global pharma player. We have conceptualized the term 'Integrated Pharmaceutical Company' for ourselves, through perseverance and agility.

We are a team of ~ 6000 skilled and dynamic professionals, encompassing a diverse blend of seasoned veterans from the pharmaceutical and biotechnology sectors, accomplished research scientists, and adept manufacturing and management experts. We develop innovative medicines that greatly improve health outcomes for patients with an unremitting focus on quality and affordability.

Our Mission

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

Our Vision

To be a leading player in global pharmaceutical solutions for a healthier world

Our Values

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.

Our Business Model

Our organization is strategically divided into four core focus areas: Contract Development and Manufacturing (CDMO), which includes Synthesis, Generic Formulation (FDF), Generic APIs, and Biotechnology. Within these realms, we cater to a diverse range of therapeutic domains, spanning from ARV and anti-diabetic medications to Cardiovascular Proton Pump Inhibitors (PPIs) and Central Nervous System (CNS) drugs.

Our commitment to innovation and affordability is underpinned by cutting-edge research laboratories and state-of-the-art manufacturing facilities. We pride ourselves on being the preferred supplier for pharmaceutical enterprises seeking to tap into our technical expertise and cost-effective production capabilities. Our manufacturing sites boast prestigious endorsements from renowned regulatory bodies, including WHO, USFDA, NIP Hungary, PMDA, KFDA, and BfArM, underscoring our unwavering commitment to upholding the highest quality standards.

In FY2023, our capacity expansion initiatives across five locations have gained substantial momentum, and our capital expenditure projects are progressing as scheduled. Our reactor volumes have surged to an impressive 7 million liters, while our Finished Dosage Form (FDF) capacity now stands at a remarkable 10 billion units. We are immensely proud to have earned the distinction of being a panel supplier for a global fund specializing in Anti-Retroviral (ARV) Drugs, with procurement activities already underway for a three-year period, extending through FY2025

Key highlights (Consolidated)

₹6041 crore
Revenue; 22% growth

6
Big Pharma partnerships

75+
Products commercialized since inception

Top 10
Generic pharmaceutical companies served

2300
Scientists and Quality team members

7,500 KL
Reactor volumes

~6000+
Employees

10
Manufacturing sites

200+
clients served

10 billion tabs/ caps
Formulations

3
R&D centres

208
Patents granted

Generics API

With one of the greatest HiPotent API capabilities in India, we are world's largest third-party API provider for antiretrovirals. Oncology is one of our core competencies. We produce cancer and cardiovascular APIs, which is sold to nine of the top ten generic pharmaceutical firms worldwide. We continuously extend our portfolio by focusing on molecules in diabetes, ophthalmology, and cardio-vascular therapy areas, where we can make a difference and establish a leadership position. Generics- API business is the company's highest source of revenue, with 43% revenue contribution.

Revenue Contribution	Business	Product and Service Offerings
43%	Development, manufacture and sale of APIs and advanced intermediates	Therapeutic areas include ARV, Hepatitis C, cardiovascular, anti-diabetic, antiasthmatic, gastro in large volumes, oncology, and ophthalmic products in small volumes

Generics FDF

Our Generics – FDF business comprises the development and manufacture of oral solid formulations. With our Finished Dosage Form (FDF) business, we are creating a greater impact on the quality of life for millions across the world. At the heart of our R&D efforts in this area is our FDF Development Center. Our dedicated formulation research labs, laboratory-scale clinical supply facilities, and analytical research labs develops different types of dosage forms.

Our state-of-art oral finished dosage facility in Visakhapatnam is at the forefront of innovation, conforms to international regulatory standards and is equipped to produce 10 billion tablets and capsules each year. This dynamic capability underscores our commitment to meeting the evolving demands of the pharmaceutical industry while maintaining exceptional quality and efficiency. Generic formulation contributes about 19% of our revenue.

Revenue Contribution	Business	Product and Service Offerings
19%	Development and manufacture of oral solid formulations. Building on API strengths to forward integrate and become a leading FDF (Finished Dosage Form) player globally	ARVs, anti-diabetic, cardiovascular, Proton-Pump Inhibitors (PPIs)

CDMO Synthesis

We are a leading Contract Development & Manufacturing Organization (CDMO) with a solid track record in supporting drug development and manufacturing programs of global pharmaceutical and biotech companies. Our state of the art facilities in India (Hyderabad and Visakhapatnam) and experienced scientific teams have been supporting our customers for over 10 years in meeting the challenges in drug development from programs from early phase development to commercial manufacturing. We have established a leadership position in the manufacture and supply of nature identical and highly pure polyphenols (Curcumin, Resveratrol, and Pterostilbene etc.). Our Ingredients division also offers Contract Development and Manufacturing services for Nutraceutical clientele through manufacturing procedures that conform to the international compliance standards prescribed by GMP, Kosher, Halal and HACCP etc.

During the year, we have entered a new CDMO multi-year cooperation agreement for specialized APIs signed with a top Global Lifesciences firm. The business CDMO division is called Laurus Synthesis. The three most significant markets for Laurus Synthesis are the United States, the European Union, and Japan. Synthesis business demonstrated a robust growth of over 136% making FY2023 the 'Year of Synthesis'. CDMO business was driven by robust demand for new and existing products and commercial execution with Big Pharma in record time. The growth was also driven by delivery of a large purchase order and accelerated demand from existing and new clients. The CDMO-Synthesis business contributes 36% of revenue for the company.

Revenue Contribution	Business	Product and Service Offerings
36%	Contract development and manufacturing services for global pharmaceutical companies	Commercial scale contract manufacturing, clinical phase supplies, analytical and research services

Bio

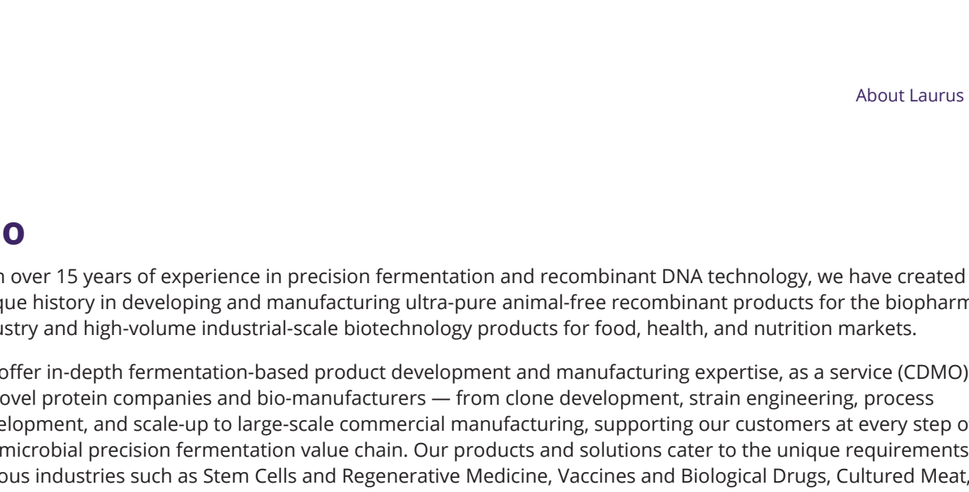
With over 15 years of experience in precision fermentation and recombinant DNA technology, we have created a unique history in developing and manufacturing ultra-pure animal-free recombinant products for the biopharma industry and high-volume industrial-scale biotechnology products for food, health, and nutrition markets.

We 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 products and solutions cater to the unique requirements of various industries such as Stem Cells and Regenerative Medicine, Vaccines and Biological Drugs, Cultured Meat, and Cell-Culture Media Manufacturing.

Laurus Bio displayed strong 25% growth in revenues. The key drivers of the portfolio include AOF proteins and growth factors driven by appealing market possibilities. Our contribution to the revenue is ~2%.

Revenue Contribution	Business	Product and Service Offerings
2%	Manufacture and sale of specialty ingredients for use in nutraceutical, dietary supplements, and cosmeceutical products. Leverages existing R&D, process chemistry competence and manufacturing capabilities	Nutraceuticals (natural ingredients), dietary supplements and cosmeceutical products

Markets Served



We market our products globally in over 60 countries, with exports contributing about 72 per cent of the overall revenue. We work with all the top 10 generic pharmaceutical companies in the world and thrive on the diverse growth opportunities available to us across manufacturing, service, and market expansion in North America, Europe, and Low Middle-income Countries (LMIC). We are a preferred CRAMs partner to several customers, owing to our stringent quality and EHS systems, wide operability range (from grams to multi-tonnage scale), robust project management practices, and vast contract manufacturing experience.

Focusing on expanding our contract development and manufacturing business we aim to become a vital partner for pharmaceutical and biotech companies worldwide, contributing significantly to the advancement and production of pharmaceutical products.

Our Sustainability Strategy

Our commitment to Environmental, Social, and Governance (ESG) principles drives our leadership and governance practices, ensuring that we embed sustainability at the heart of everything we do. We have developed a comprehensive framework that serves as a guiding principle for all departments within our organization.

In response to the increasing expectations of our stakeholders, we have not only recognized the imperative to integrate ESG principles into our everyday operations but have taken it a step further by crafting a robust ESG strategy. This strategy isn't just a checkbox; it's a dynamic blueprint designed to foster long-term growth, drive value creation, and wield a positive influence on both the environment and the communities in which we are deeply rooted.

Within Laurus Labs, we have diligently embedded ESG-conscious practices throughout our organization. This approach resonates with our stakeholders and serves as a vigilant radar for identifying ESG-related risks and opportunities. It reflects our commitment to being responsible corporate citizens. In doing so, we are shaping a sustainable future and fortifying our own resilience and competitiveness in an evolving world.

Our approach to materiality

We believe that materiality is key to driving meaningful change, creating long term value, and improving our ESG performance. To determine material ESG considerations, we engage with stakeholders and conduct a materiality assessment that considers factors most likely to impact our business and its stakeholders, and that can lead to identification of ESG risk and opportunities. Every two to three years, we perform materiality assessments to make sure we are keeping up with the ESG landscape and the expectations of our stakeholders.

This fiscal, we have further enhanced the assessment by introducing the concept of double materiality and focusing more on the impact we have on the environment and the society. We have conducted assessment in a robust manner to ensure that all our stakeholders, including both internal and external are consulted to identify the most priority topics for our business.

Based on the feedback from our internal and external stakeholders, we have listed down all the material topics in the table below. We have categorised these material topics as a risk or opportunity for us while providing rationale for the topic's importance. Also, we have linked the identified material topic to the respective sections of the report for the reader to find our detailed approach on the topic.

Material Topic	ESG Category	Topic Priority	Linkage with Report	Opportunity or Risk	Rationale for identifying the risk/ opportunity
Regulatory Compliance	Governance	High	Governance, Ethics and Compliance	Risk	Regulatory compliance is vital for us to maintain product quality, adhere to legal requirements, build reputation and trust, access markets, protect intellectual property, conduct ethical research, and ensure a secure and compliant supply chain.
Product quality and safety	Social Governance	High	Manufactured Capital	Risk	Issues related to quality and safety of our products may impact our brand reputation, ability to differentiate from competitors and create value for our stakeholders
Occupational health & safety	Social	High	Human Capital	Risk	The health and safety of employees are of paramount importance to us; hence it is our responsibility to provide them a safe and healthy workplace. Health and safety hazards pose regulatory, reputational, and business continuity risks.
Protecting Intellectual Property rights	Governance	High	Intellectual Capital	Risk	It helps us encourage innovation, safeguard market exclusivity, prevent unauthorized use and copying, maintain competitive advantage and fosters collaboration.
Cybersecurity and data privacy	Governance	High	Governance, Ethics and Compliance	Risk	Implementing robust cybersecurity measures is essential to mitigate risks, reduce vulnerabilities, and safeguard our digital assets and operations.
Ethical Governance	Governance	High	Governance, Ethics and Compliance	Risk	Ethical governance is vital for us as it ensures compliance with regulations, builds stakeholder trust and reputation, and access to medications, avoids conflicts of interest, upholds ethical supply chain practices, and contributes to long-term sustainability.
Risk Management	Governance	High	Managing risks - An integrated approach	Risk	It is crucial for us to identify and mitigate our risks to protect our reputation and brand, maintain business continuity and ensure financial stability
Employee well-being & satisfaction	Social	High	Human Capital	Opportunity	Employees form backbone of our operations and to drive their productivity and boost retention, and talent acquisition, it is crucial that we take care of them
Talent attraction and retention	Social	High	Human Capital	Opportunity	It is essential for us to bring in fresh talent and at the same time retain our valuable employees to foster innovation and creativity in the company
Learning and development/ skilling	Social	High	Human Capital	Opportunity	Enhancing skills and competencies of our employees helps us in enhanced performance and productivity
Access & affordability	Social	High	Social and Relationship Capital	Opportunity	Better access and affordability are crucial as it results in improved health outcomes, equity in healthcare access and the overall well-being of countries that cannot afford medicines
Responsible supply chain management	Social	High	Social and Relationship Capital	Risk	It is essential for us to identify and mitigate risks related to our supply chain such as disruptions in raw material supply, supplier reliability, or environmental sustainability
Innovation management	Social	High	Intellectual Capital	Opportunity	Innovation is a crucial aspect for us to maintain our competitive advantage and encourage collaboration and partnerships
Ethical sales and responsible marketing	Governance	High	Social and Relationship Capital	Risk	Given the nature of the industry we are in, it becomes essential that we adhere to responsible and ethical marketing of our products to protect against their misuse or off-label promotion
Digitization	Governance	Medium	Intellectual Capital	Opportunity	With the rapid technological advancements, it is imperative that we bring these solutions in our operations to enhance our efficiency, reduce costs and support the development of innovative solutions
Toxic emissions	Environment	Medium	Natural Capital	Risk	Managing our emissions into the environment is crucial for us to not only comply with the regulation but remain true to our environmental stewardship commitments
Climate risks and resilience	Governance Environment	Medium	Natural Capital	Risk	Climate risks pose serious financial and reputational risk to Laurus Labs in the coming future. It is therefore essential that we ensure that we pay attention to develop timely mitigation strategies
Climate and environment management	Environment	Medium	Natural Capital	Risk	To reduce our environmental impacts and dela with the associated business continuity and human safety risks, it is important that an adequate climate and environment management system is in place
Human rights	Social	Medium	Human Capital	Risk	It is our ethical responsibility to respect the human rights of every stakeholder associated with us
Green chemistry	Environment	Medium	Natural Capital	Opportunity	By adopting green chemistry principles, we can significantly contribute to environmental protection by reducing our air and water pollution, conserving resources, and minimizing our carbon footprint
Community engagement	Social	Medium	Social and relationship capital	Opportunity	Community engagement allows us to build trust and create shared value for the communities in which we operate
Antimicrobial resistance	Environment	Medium	Natural Capital	Risk	AMR poses a significant business risk to us as it may reduce the effectiveness of our products and increase the need for new drug development
Biodiversity management	Environment	Low	Natural Capital	Opportunity	Sustainable use of biodiversity becomes important for us as many of our ingredients are derived from these
Diversity & Inclusion	Social	Low	Human Capital	Opportunity	Diversity is an important aspect for a business as it drives innovation and creativity and enhances decision-making

We aim to link our key material ESG issues with the larger ERM framework that will enable us to effectively manage our risks and opportunities and facilitate effective allocation of resources for tackling chances or managing risks. All our material issues, priority areas and metrics have been discussed and signed off by the senior management.

ESG Objectives and targets

Economic and Governance Highlights

- INR 6041 crore Revenue
- 22% Gross revenue growth over FY 21-22
- Laurus Labs currently has one woman on the Board, taking the women representation in the board to 12%
- Zero cases of unethical business practices against the company
- Zero class I and class II Product Recalls

Key Environment Highlights

- 100% sites ISO 14001 and ISO 50001 certified
- 182,215 tCO2 eq Scope 1 Emissions
- 159,094 tCO2eq Scope 2 Emissions
- 73,322 tCO2eq Scope 3 Emissions
- 40.02% reduction in scope 1& scope 2 emission intensity by 2019-20 levels
- 16% of increase in energy consumed from solar
- 123,514 GJ renewable energy consumption
- 21,900 KL of water recycled
- 50% waste utilized for coprocessing in cement kilns

Key Social Highlights

- ~6000+ workforce
- 7 % of women in the workforce
- 1,045 New employee hires
- INR 822 Hiring cost per FTE
- INR 1,446 spent on training per FTE
- 100% employees trained on code of conduct and ethics
- INR 17.9 crore Investment in community and social projects
- 0.23 Lost Time Injury Rate

Awards

- Unit-5 won CII EHS Excellence Awards 2022 in Environment First place in “Air Quality”
- OSH India Award – 2022 under the category Health and Safety Initiatives – Unit-4
- EcoVadis Assessment for the year 2022 and secured 63 score, honored with silver medal for its sustainability performance.
- Fortune India – Featured in Best CEOs of Year 2022
- Excellence Award 2022 in recognition of Best EHS Innovative practices.
- Unit-5 won CII-SR EHS Excellence Award 2022 for commitment in EHS Best Practices
- Great place to work certified for the 4th Consecutive year

Empowering Health to Create Long-Term Value

INPUT

Financial Capital

Creating shareholder value by strategic investment in R&D and manufacturing facilities, improving global reach and capacities and expanding product portfolio

- CapEx Expenditure: **INR 990 crores**
- **Multi-year** supply agreement with various clients
- Employee benefit expense- **496.57** crore

Intellectual Capital

Leveraging industry-leading high-quality capabilities to develop effective solutions, own patents and improve company knowledge base.

- R&D investment: **INR 211 crores**
- **3** R&D centres
- **1050** researchers and **1250** quality team

Manufactured Capital

Achieving operational efficiency by investing and consistently improving manufacturing capabilities focused on world-class technologies

- **6** manufacturing sites
- Approvals from **WHO, USFDA, PMDA, NIP, KFDA, and BfArM**
- **975+** Quality Audits
- **~7500** Reactor Capacity
- **100%** sites are CGMP compliant

Social & Relationship Capital

Maintaining relationships with all stakeholders including regulators.

- **INR 18.59 crores** CSR spend
- Total suppliers: **3278**
- **150** customer audits

Human Capital

Raising a highly-skilled workforce with necessary skillsets and expertise, providing them with continuous training and mutual alignment of our vision

- Total permanent employees: **6000+**
- **7%** women in total workforce
- **1,045** permanent employees hired
- **57927** hours spent on health and safety training

Natural Capital

Protecting and conserving natural resources through responsible sourcing and efficient operations

- **123,514 GJ** of energy from renewable sources
- **2,886,969 GJ** of energy from non-renewable sources
- **1385,309 KL** of water consumed

Business Model

Key Material Issues

- **Product Quality and Safety**
- **Regulatory Compliance**
- **Ethical Governance**
- **Occupational Health and Safety**
- **Ethical sales and responsible marketing**
- **Protecting Intellectual Property rights**
- **Employee well-being & satisfaction**
- **Responsible supply chain management**
- **Access & affordability •**

Output

- Revenue: INR **6,041 crores**
- EBITDA margin: **26.4%**
- Net worth: INR **4,038 crores**

- **208** patents granted
- **75+** launches across Drug Product (DP) and Drug Substance (DS)

- **10** billion tabs/caps Formulation(OSD)
- Zero incidents of Product Recall in the last Five years
- **173 GJ** energy saved by installing movement sensors across our facilities

- **200+** clients served
- INR **1,674 crores** revenue from domestic customers
- More than **5000** families served

- Great place to work certified
- **100%** of employees received career development reviews Healthy and skilled workforce

- "BBB" rated by MSCI ESG Rating
- **182,215 tCO2** of Scope 1 emissions
- **159094 tCO2** of Scope 2 emissions
- **73,322 tCO2** of Scope 3 emissions
- **27,271 tons** of waste recycled and reused
- **50%** of incinerable hazardous waste sent for coprocessing
- More than **30,000 trees** planted during the year

Outcome

Sustained growth in revenue driven by operational performance

Development and deployment of sustainable and green technologies

Production of quality products with minimum lead time

Strong business relationship with suppliers and business partners

Engaged & Motivated workforce in a safe and healthy workplace

Reduction in environmental footprint while addressing climate change risk

Ethical Governance

Good governance forms the foundation for effective and transparent operations. It drives accountability, transparency, and ethical behaviour across the organization. It creates a curriculum where an organization can conduct its business in the interest of its shareholders (both major and minor), and in compliance with legal laws and regulations requirements. This helps manage the risks, fines, penalties, and better position the firm on a path to long-term sustainability.

At Laurus Labs, we believe that, well-governed organization is better equipped to manage its brand and reputation. As we grow and expand, we aim to cultivate an environment where all stakeholders flourish, changes are embraced, and we build trust in the society. As technology and regulation in healthcare and pharmaceuticals continue to evolve, sound governance becomes paramount for us to successfully thrive and grow.

About our Board

An effective board of directors, properly constituted, is the mainstay of good corporate governance. Our Board is responsible for managing performance, meeting the corporation's stated objectives, and protecting shareholder rights and interests. Additionally, it provides guidance and expertise in risk management practices and adhering to regulatory standards, ensuring the maintenance of the highest levels of corporate governance.

The Board of Laurus comprises Executive Directors, Non-Executive Directors and Independent Directors who have the right qualifications, skills, and experience needed to inform and oversee the company's long-term priorities.

The chairman of the board acts as both Non-Executive and Independent Director. Our diversified and experienced Board brings extensive management experience and industry expertise. The average tenure of board members is slightly over eight years. This collective, led by an independent and non-executive Chairman, exemplifies our unwavering commitment to institutionalizing management accountability and augmenting credibility. It also serves as a bedrock for providing strategic oversight and direction, fostering heightened business autonomy, instilling performance discipline, and nurturing the development of future business leaders.

3
Executive Directors

1
Non-Executive Director

4
Independent Directors

1
Female

7
Male

The Board bears responsibility for reinforcing governance, accountability, ethical standards, and transparency within the company. It ensures accountability to stakeholders, fulfils fiduciary duties, and upholds commitments while enhancing stakeholder value according to the highest standards of integrity and sustainability.

As per the Companies Act 2013, the ratio of independent directors is required to be a minimum one-third of the total numbers. However, we strive to maintain a higher share of independent directors and at present, it is 50 percent. Higher shares of Independent Directors bring new insights and balance that improve the performance of a company through an objective view of the organization's health and operations. They also bring specific expertise from their experience as well as provide additional accountability.

Board of Directors

Dr. M Venu Gopala Rao
Non-Executive Chairman and Independent Director
General Management, Manufacturing efficiencies, and Entrepreneurship

Dr. Satyanarayana Chava
Executive Director and Chief Executive Officer
30+ years experience across R&D, API process, Manufacturing, Quality Control, Business development, Supply chain, Intellectual Property

Mr. V. V. Ravi Kumar
Executive Director and Chief Financial Officer
30+ years experience in Finance, Information technology, M&A & Strategic alliance, HR, Supply chain and Sustainable Development

Dr. Lakshmana Rao C V
Executive Director
30+ years experience in Quality control, Quality assurance, Regulatory affairs and Corporate Strategy and Implementation

Mr. Chandrakanth Chereddi
Non-Executive Director
Project Management, Strategy (ex- McKinsey & Co.), Risk mitigation

Mrs. Aruna Bhinge
Independent Director
30+ years experience in food security, strategic planning

Dr. Rajesh Koshy Chandy
Independent Director
Marketing Professor at London Business School, Business Educator, Writer, Strategy

Dr. Ravindranath Kancherla
Independent Director
Surgeries (Gastroenterology, Laparoscopic), Organ transplantation, Key advisor to Medical Fraternity for liver, pancreatic and bile duct resections. Chairman at Global Hospitals Group

Management Team

Dr. V Uma Maheswer Rao
Executive Vice President
Chemical R&D

Mr. Srinivasa Rao S
Executive Vice President
Manufacturing and operations

Mr. Krishna Chaitanya Chava
Executive Vice President
Head - Synthesis

Ms. Soumya Chava
Executive Vice President and Head Commercial

Mr. Martyn Oliver James Peck
Executive Vice President
Business Development

Mr. Thomas Versosky
President
FDF, North America

Mr. Rajaram Iyer
Senior Vice President
Portfolio Management

Mr. Ch. Sita Ramaiah
Senior Vice President
Finance

Mr. S. Srinivas Rao
Senior Vice President
Manufacturing

Mr. Narasimha Rao DVL
Senior Vice President
Synthesis

Mr. Narasimha Rao Chava
Senior Vice President
Human Resource

Mr. Ch. Venkata Ramana Rao
Senior Vice President
Intellectual Property Management

Board Committees

We have established five dedicated Board Committees to facilitate the robust execution of our corporate governance framework. Each committee ensures effective monitoring and timely decision-making through regular communication and updates provided to the Board. The key committees of the Board are depicted below:

In FY23, Laurus Labs held 05 board meetings with (100%) attendance. The attendance of the Board meets the minimum set attendance requirement for all members.

Business Ethics and Integrity

We prioritize integrity, honesty, and ethical conduct, upheld through our Code of Business Conduct (CoC) - which along with our values act as a moral compass. Committed to maintaining high ethical standards, we have implemented comprehensive policies that underpin responsible governance. These policies unify our corporate approach and seamlessly integrate ESG aspects into all operations. We're constantly updating our policies to align with industry best practices, ensuring smooth integration across our operations.

To ensure adherence to the Code of Conduct and address potential conflicts, we prioritize consistent communication, utilizing induction training, annual refresher learning modules, and regular email awareness messages. We believe that it is imperative that all employees, including trainees, contract workers, and Directors, comprehensively grasp and uphold these standards. Compliance with the Code of Conduct is an assessment parameter within employees' annual performance appraisals. This approach reinforces standards of ethics and integrity within and across the organization.

Respecting Human Rights

Our independent policies on human rights and the prohibition of child, adolescent, and forced labor underscore our commitment to respecting human rights and prohibiting all forms of child/forced/trafficked labor, discrimination, and harassment. We firmly believe in promoting equality between genders and ensuring that our employees are treated with the utmost dignity and respect. We have a Zero Tolerance policy towards discrimination and harassment based on race, ethnicity, gender, sexual orientation, age, religion, disability, etc. For more information regarding our commitment to human rights, please refer to the Human Capital chapter.

Whistleblower policy

Whistleblower mechanism is a platform where stakeholders can raise a concern or lodge a complaint regarding any wrong-doing, unlawful activity observed that may adversely impact the reputation or financials of the company, without any fear of being reprimanded or reprised. An employee can raise a protected disclosure by sending an email to wbed@lauruslabs.com. As per the policy, the whistleblower identity is protected at all costs and necessary safeguards are provided. The audit committee holds the responsibility for disciplinary actions if an improper or unethical act is identified.

Policy on Grievance Handling

A robust grievance redressal mechanism is a cornerstone of effective organizational governance, fostering trust, accountability, and continuous improvement. It demonstrates the organization's commitment to fairness, employee well-being, and a positive work environment, which can boost employee morale and engagement. At Laurus, we have several channels to raise a concern such as putting complaints in suggestion box, access to department manager/ head HR/management, grievance handling register and exit interviews. An employee can utilize any of such channels and raise its concerns. More information can be found by visiting the policy on grievance redressal available on the company's website.

Data Privacy policy

As part of the operations and business, we are often required to handle highly sensitive data, including patient information, research and development data, and proprietary information. Our data privacy policy sets forth the company's intent and data protection principles which are judiciously followed in processing and protection of personal data. We had zero incidents of data breach in the last fiscal year FY23.

Reporting breaches

We consistently report on the total number of incidents or violations in various areas, including but not limited to corruption, bribery, harassment, confidentiality breaches, conflicts of interest, money laundering, and insider trading.

Incidences Reported in FY23	
Confirmed cases of corruption and bribery	0
Discrimination and harassment	0
Breach of confidentiality	0
Incidences related to conflicts of interest	0
Incidences related to money laundering and insider trading	0

Transparency and Accountability

We strive to demonstrate the highest level of transparency, over and above the statutory compliance through disclosures on our financial and non-financial performance. Accurate reporting and disclosures of our strategy, performance and initiatives provides stakeholders especially investors, customers, and regulators with a holistic view on how capital is deployed, and resources are allocated to create and distribute value.

Further, by participating in S&P Global's Corporate Sustainability Assessment, an internationally recognised sustainability platform, we transparently validate our strategy, systems and processes and benchmark our performance with industry best practice.

Our integrated approach to Risk Management

In a dynamic and uncertain market characterized by intersecting and overlapping risks, we understand the importance of designing an integrated risk framework that is agile and responsive.

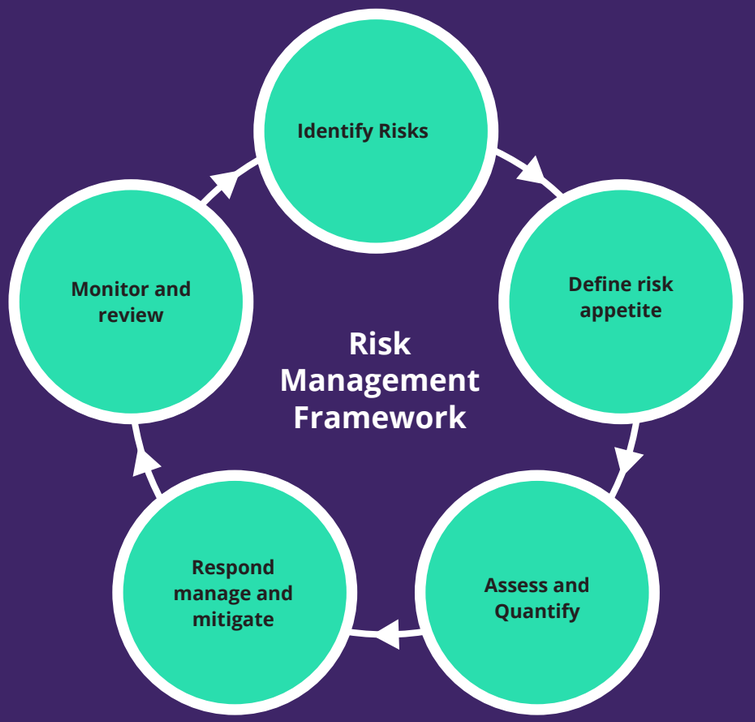
Risk Governance

As a pharmaceutical company, we operate in a highly regulated environment and effective risk governance is vital to ensure the safety, efficacy, quality, and compliance of our products. Whilst the Board of Directors holds ultimate responsibility for overseeing risk management and establishing the risk appetite of the organization, the Risk Management Committee, provides oversight, guidance, and assurance on risk-related matters. It is the responsibility of the committee to develop and monitor the organization's risk management policies. The Risk Management Committee, comprising executive, non-executive, and independent directors with risk management expertise, periodically reports to the Board of Directors on its activities.

Additionally, the Audit Committee of the Board assists the Risk Management Committee in its oversight of the risk management controls and systems to ensure that they are operationally effective. The internal audit team, and our external audit partners, undertake periodic and structured reviews of risk management processes.

Risk Management Framework

Our Enterprise Risk Management Framework is designed to identify, assess, manage, and mitigate risks across all levels of our organization. It involves a systematic process to identify, assess and prioritize risks which enables us to make informed decisions, deploy resources, and enhance our ability to achieve our strategic objectives.



Identify Risks

We have established systematic processes to identify risks throughout the organization. Our risk identification process involves engaging stakeholders at all levels, while leveraging internal and external expertise.

Define Risk Appetite

We establish clear risk appetite guidelines that govern our willingness to take risks within specified boundaries. These guidelines helps our management and employees on the acceptable level of risk-taking and informed decision-making processes at various levels of the organization.

Assess and Quantify

We have systems in place to assess and prioritize the identified risks. We deploy various risk assessment techniques such as scenario analysis, risk registers, and key risk indicators. This enables us to gain a comprehensive understanding of risks and their potential impact on our objectives.

Respond, Manage and Mitigate

In order to manage and mitigate the identified risks, we follow rigorous quality control and pharmacovigilance programs, ensure regulatory compliance through comprehensive compliance measures, and implement business continuity plans. We strive to mitigate risks and enhance the resilience of our operations.

Monitor and Review

We continuously monitor and review risks to identify changes in their likelihood or impact. This includes ongoing monitoring of key risk indicators, internal control assessments, and periodic risk assessments. Regular risk reporting mechanisms are in place to provide timely and accurate information to the Board, senior management, and relevant stakeholders. This facilitates informed decision-making, enables early detection of emerging risks, and supports effective risk mitigation efforts.

The framework is supported by comprehensive risk management policies and procedures that provide guidance on risk assessment, mitigation strategies, and reporting requirements. It ensures consistency, standardization, and clarity in risk management practices across the organization.

Current Priority Risks and Mitigation Strategies

Environment, Health and Safety (EHS)

Our operations are subjected to regional and global EHS regulations. Since our operations include chemical reactions and processes, any kind of EHS incident can result in severe reputational, regulatory and business continuity risk for our business.

Impacted Capital

- Natural
- Human
- Social and Relationship

Mitigation Strategy

- Increased focus on sustainable energy
- Strengthening and promoting a safety culture and awareness across the company
- Conducting periodic audits in high-risk sites

Industry risk

As we serve various markets across the world, sectoral and market downturns could have potential and immediate impact on the company's performance. There are various macro-economic factors such as inflationary pressure or energy price increases that can come into effect and lead to downturns.

Impacted Capital

- Financial
- Intellectual

Mitigation Strategy

- Analysing industry and pharma-sectoral trends and periodic horizon scanning
- Ongoing plans to implement a business continuity plan to minimize risks

Regulatory risk

The pharmaceutical sector is highly regulated and is regularly audited by regulatory bodies and authorities. Inability to meet requirements may have potential negative impacts on the business. The rapidly changing regulatory environment poses significant financial and reputational risk. Any actual or perceived lapses can lead to investigation by governmental agencies and/or legal proceedings

Impacted Capital

- Financial
- Social and Relationship

Mitigation Strategy

- Improving compliance/ regulatory requirements review mechanism
- Utilizing the information management system to detect changes in the regulatory environment and their impact periodically

Competition risk

Market presence and penetration can be affected by domestic and international competitions. With new companies entering in the market and pressure from governments to regulate the intellectual property rights can lead to increased price competition in the market, which would in turn affect the company's profitability.

Impacted Capital

- Financial
- Intellectual
- Manufactured

Mitigation Strategy

- 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

Innovation risk

Development of innovative products is critical in improving the product portfolio of the company, lack of innovation may negatively affect business growth. With the advancement in scientific research and technology, new and innovative solutions could be developed. Remaining up to date with these advancements becomes necessary to safeguard current market presence and potentially increase the customer base.

Impacted Capital

- Financial
- Intellectual

Mitigation Strategy

- 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

Financial risk

The foreign exchange rate fluctuations could impact our company's net expenses and other future investments. Our global client base exposes us to risk factors such as currency exchange rate fluctuations, global economic instability and geo-political issues.

Impacted Capital

- Financial

Mitigation Strategy

- Implementing a strong currency hedging plan/ strategy and periodically evaluating derivatives to address risks

Capacity planning and Optimisation risk

Inability to meet dynamic customer needs can impact our business growth. With increasing awareness amongst customers on the ESG issues, misalignment of our goals with their expectations can pose serious risk to the business. Underestimating or overestimating the future demands may lead to lost sales opportunities or reduced profitability respectively.

Impacted Capital

- Financial
- Manufactured

Mitigation Strategy

- 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

Operational risk

Efficiency and effectiveness of our business operations can be significantly impacted if and when vendor customer relations are not managed effectively. It becomes necessary that we have adequate quality assurance measures in place while we increase our capacity, to ensure product quality and regulatory compliance.

Impacted Capital

- Manufactured
- Social and Relationship

Mitigation Strategy

- 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

Emerging Risks

The pharmaceutical industry operates in a rapidly evolving landscape, influenced by technological advancements, changing regulatory environments, and shifting market dynamics. As the industry progresses, new risks emerge that require careful consideration and proactive management.

Geopolitical Crises

As our clients are based in various countries across the globe, geopolitical crises in any related country or region such as the Ukraine war or the tensions between the USA and China, pose a risk to the organization's operations, supply chain and overall business environment. Such conflicts could result in sanctions or trade disputes, which in turn can affect our supply chain (both upstream and downstream). In recent years, we have seen governments across the world take determined steps towards strengthening their national security by building domestic capacity to reduce their dependence on imports.

We continuously monitor and anticipate any changes in the geopolitical scenarios across the countries where clients are based and ensure we have measures in place for the continuity of the business. To reduce the disruption risk from our supply chain, we ensure that we maintain strategic partnerships and greater communication with our stakeholders across the value chain, so that in face of any adverse event, we can navigate any challenges.

Weaponisation of Generative AI

As pharmaceutical companies increasingly rely on digital systems and data-driven technologies, the increasing use of AI poses higher risk of cyberattacks and ransomware attacks. Cybercriminals target valuable intellectual property, production data, and sensitive research information. Vulnerabilities in IoT devices and the potential for unauthorized access or data breaches can compromise the sensitive patient data and critical intellectual property. AI is being used by by the industry for drug discovery which further raises ethical questions and regulation of such processes.

We have ensured that we follow robust cybersecurity measures, implement data privacy regulations, and foster a culture of cybersecurity awareness to mitigate these risks. The application of AI in our processes has been kept minimal till we fully understand the regulations and risks associated with it. We have our data privacy policy in place to ensure the protection of the personal data. We also have an Information and Security Management System (ISMS) policy in place for protection of our data and mitigate cyber threats. Our systems are subjected to both internal and external audits along with vulnerability tests to ensure the safety and compliance of the ISMS. We also ensure that our employees are well-informed about these measures through training and regular email communications.

Investing in Tomorrow

Financial capital plays a vital role in demonstrating an organization's financial health, its ability to create value over the long term, and its commitment to responsible resource allocation and management. It serves as a means of exchange, unlocking its worth when transformed into various other capital forms. Effective management of financial capital is important for optimizing the influence exerted by a pharmaceutical company, especially due to the substantial initial investments in research, development, and production. It enables organizations to invest in research and development, acquire new assets, fund operational activities, and manage day-to-day expenses. Reporting on financial capital helps our stakeholders understand how these resources are utilized to create value.

At Laurus Labs, our focus is to build a bigger moat for CDMO and CMO service business and capitalize on diversification of outsourcing and dual sourcing trends. Simultaneously, it is important for us to continuously innovate, improve our operational efficiency, and focus on producing quality products. We have adopted a long-term growth strategy focusing on cost optimization through digital initiatives and efficient capital allocation to seize these opportunities. This necessitates careful and thoughtful financial allocation as we assess opportunities aimed at ultimately enhancing our revenues and profitability.

In the fiscal 2022-23, the world economy encountered significant challenges. Inflation surged due to spikes in energy prices and disruptions in the supply chain, triggered by the Russia-Ukraine conflict and COVID-19-induced lockdowns in China. Major developed economies witnessed deceleration, and despite efforts to curb inflation by raising interest rates, central banks struggled to contain it. These global financial disruptions led us to focus on managing the capital productively and prepare ourselves for any adversity.

In the pursuit of cultivating a robust and sustainable global health paradigm, we find ourselves at the confluence of pioneering innovation and the critical domain of healthcare. We firmly believe that our investments extend well beyond mere financial records, infusing a sense of hope and a commitment to fostering improved health outcomes.

Performance Highlights

INR 6,041 crore
Revenue (FY 2022-23)

22.4 %
Y-o-Y Increase in revenue

INR 990 crore
Capital Investment (FY 2022-23)

INR 1,594 crore
EBITDA

3.5%
R&D spend as a % of sales

INR 790 crore
Net Profit

INR 107 crore
Dividend

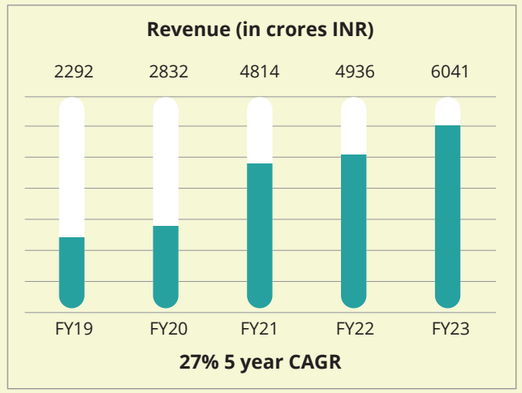
INR 15
Diluted EPS

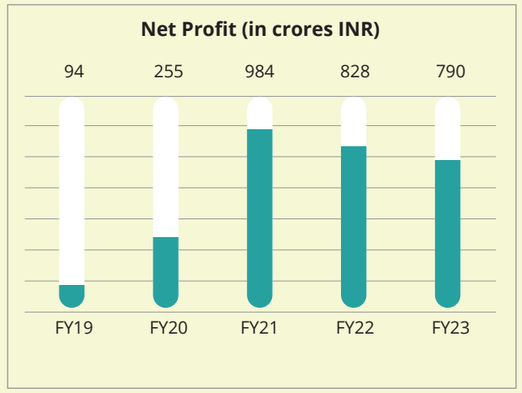
0.49%
Debt Equity Ratio (%)

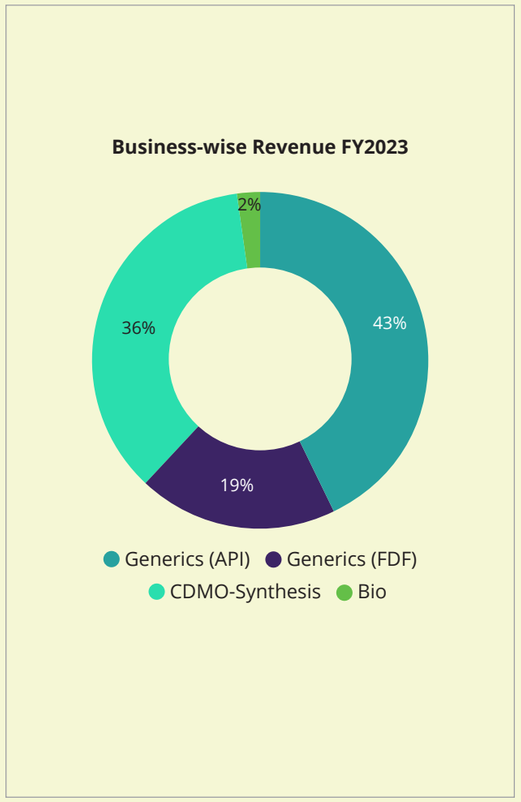
Overview of Financial Performance

Through a steadfast focus on a resilient financial framework, meticulous risk management, and strategic resource allocation, we diligently work towards enhancing value for our stakeholders. This commitment aligns seamlessly with our philosophy of supplying top-tier medicines to international markets, complemented by a proactive stance on investments. These efforts collectively underpin our fundamental impetus to reinforce our capabilities and secure a promising future.

Revenue and Profits







Despite facing various challenges during the year, we have continued to make significant progress across our strategic priorities with growth in revenue and profits. Our revenue grew by 22.4%, going from INR 4,936 crores to INR 6,041 crores. This growth was driven by increased sales of non-ARV APIs and Formulations. We are determined to further boost our revenue from CDMO activities.

To mitigate the risks and offset the exposure to a single business segment, we have diversified our portfolio across various businesses. In FY2023, we saw lower revenue from the Generics (FDF) segment as compared to FY2022, but we managed to offset it through our growth in the CDMO/CMO segment. During the year, we witnessed a significant surge in our revenues which was primarily driven by the non-ARV and CDMO segments. Our Generics API business saw an overall improvement of 28%, led by the growing CMO opportunities in the high-growth APIs. We witnessed a strong leap of 56% for our non-ARV and non-Oncology APIs during the fiscal year. The diversification helped us give stronger financial performance as compared to previous years, thus keeping us on track for our diversification roadmap.

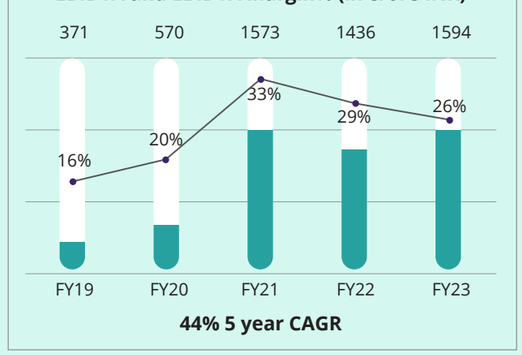
For the Generics FDF segment, we signed a 3-year supply agreement with a Global Fund for ARV drugs from 2023-2025. There was a dip in the revenue from the business segment in the current year due to the lesser procurement from Global agencies and adverse pricing. In FY2024, we expect expansion of the European business with higher volume of our existing products and new approvals from North America.

The year 2023, was marked as the "Year of Synthesis" for Laurus Labs, as our Synthesis business saw a robust growth of 136% y-o-y. The growth was governed by demand for new and existing products and commercial execution with Big Pharma in record time. It was also supported by delivery of a large purchase order and accelerated demand from existing and new clients.

Laurus Bio saw a growth of 25% in revenue, with the key drivers for the segment being AOF proteins and growth factors.

EBITDA and EBITDA Margin

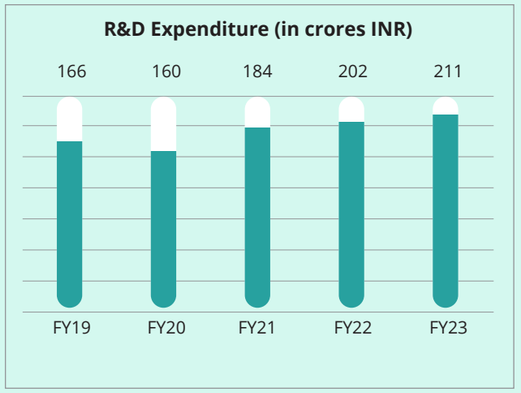
Our EBITDA for FY23 increased from INR 1,436 crores to INR 1,594 crores. EBITDA margin remained healthy at 26.4%, although it was slightly lower than our previous year's value of 29.1%. This is due to price pressure in the ARV business, inflationary effects on expenses and the upfront costs associated with new production facilities. However, we were able to significantly offset the margin pressure on the ARV business through our CDMO/CMO products.



Research and Development Investments

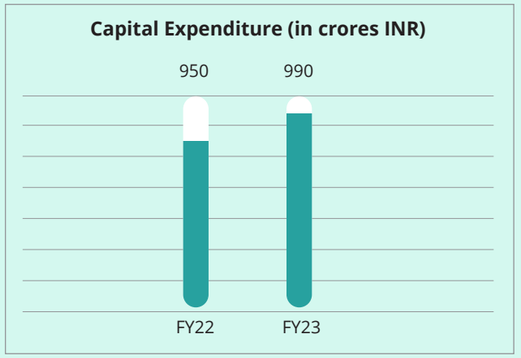
Investment in R&D continued with a product specific approach based on complexity and economies of scale. For FY23, us R&D spend increased to 211 Cr which is 3.5% of revenues and an increase of 4.5% from the previous year. This is due to our continued investment in the FDF Development centre.

The centre brings together Formulation and Analytical Research, Clinical Pharmacodynamics and Pharmacokinetics, Regulatory Affairs, Packaging Development, Intellectual Property Management and Developmental QA functions. Also, the sterile R&D labs whose commissioning started in FY2022 is in progress and investments have been made therein. We will continue to do further developmental work on orally disintegrating film platforms, which can be leveraged to create innovative pipelines in other therapeutic areas and R&D investment is expected to substantially increase in the coming years.



Capital Expenditure

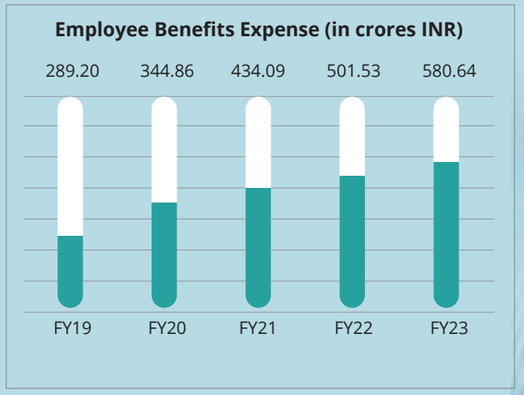
We employ a disciplined approach to capital allocation, ensuring that our financial resources are distributed efficiently and effectively. We allocate substantial financial resources to research and development, along with the expansion of our production capabilities and the development of new product manufacturing facilities.



During the year, we have made strategic investments of INR 990 crores and looking ahead with unwavering commitment, we are poised to allocate approximately INR 1000 crores in the upcoming fiscal year of 2024 for strategic capital expenditure which are primarily directed towards ongoing expansion projects in the CDMO/CMO businesses, and a new R&D Centre. These deliberate investments underscore our foresight and dedication to advancing our capabilities. Anticipated to yield significant returns, the fruits of these endeavours are projected to manifest starting from the fiscal year 2025. These well-considered financial commitments stand as a testament to our drive for continuous improvement and the betterment of healthcare on a global scale.

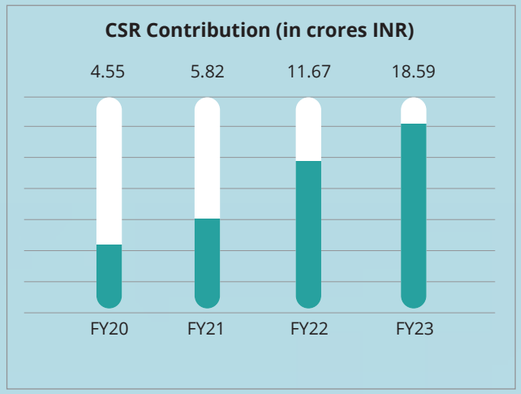
Employee Benefit Expense

At Laurus Labs, we make it a top priority to invest in our employees and their well-being. In FY23, we had 5,539 permanent employees, which is 8% more than the previous year. We believe that spending on employee development and rewards adds substantial value to our organization in the long run. Providing our employees with benefits like health insurance, retirement plans, and paid time off also helps us create a happier and more committed workforce. Moreover, our Employee Stock Options (ESOPs) program is designed to recognize and appreciate our employees for their valuable contributions while fostering a sense of ownership. This initiative extends to over 100% of our workforce who have completed a year with the organization. We firmly believe that this approach will not only enhance productivity but also serve as a powerful incentive for top-tier performance



CSR Contributions

Through our CSR endeavors, we aim to foster and maintain vibrant and empowered communities by advancing social and economic inclusion and enhancing overall well-being. Our investment in the CSR projects is aligned with key thematic areas which are Education, Healthcare, Sustainability and Sports. Our CSR investments have increased substantially within the last two fiscal years. As per the Companies Act, 2013, we are obligated to allocate at least 2% of Laurus Labs' average net profit from the three previous financial years to CSR activities. During FY23, our total spend was INR 17.90 Cr. We invested approximately INR 0.82 more than the obligated amount.



Tax Transparency and Reporting

At Laurus Labs, we recognize the importance of maintaining a responsible and transparent approach to tax management. We have a tax strategy in place which is in line with our overall business objectives and is designed to ensure compliance with all applicable laws and regulations while optimizing our tax position within the ethical business practices. We have used segment analysis to improve our tax planning, which is based on applicability and the potential to claim qualifying deductions/exemptions.

Our tax strategy is built on a foundation of integrity and transparency, ensuring that we fulfil our tax obligations accurately and in a timely manner. We maintain a robust internal control system, supported by a team of tax professionals who possess the necessary skills and stay up to date with evolving tax regulations.

Our strategic approach to taxes is based upon the following principles:

- 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
- Act responsibly with regards to tax positions taken, ensuring that the Group's reputation is not negatively impacted by those positions

For FY2023, we saw an increase in the EBITDA. But, due to a higher effective tax rate of 28.2% as compared to 23.2% of last year, the Profit After Tax came down to INR 790 crores from previous year's INR 828 crores. With our transition to the new tax regimes, the Effective Tax Rate is expected to be maintained at 25.17% in the coming years.

Achieving operational excellence

In the ever-evolving landscape of the pharmaceutical industry, our commitment to excellence in manufacturing serves as the cornerstone of our operations. It includes consistent product quality and regulatory compliance. With a strategic focus on optimizing resource utilization and streamlining processes, we actively seek opportunities to amplify productivity and broaden access to our products.

As stewards of scientific advancement, social welfare, and environmental conservation, we acknowledge the necessity to manage our manufacturing practices in a way that balances all three. Therefore, by implementing holistic strategies that enhance workforce efficiency, overcome input limitations, and seamlessly adapt to supply chain dynamics, we demonstrate our steadfast responsibility to sustainable growth.

In this endeavour, the role of manufactured capital emerges as a pivotal force, enabling us to drive progress while safeguarding the equilibrium of our planet and community.

100%
of our sites continued to be Current Good Manufacturing Practice (cGMP) compliant

10
billion tabs/caps Formulation (OSD)

6
State-of-the-art manufacturing sites are ISO 9001 - 2015 certified

975+
Quality Audits

~ 7,500
Reactor capacity (KL)

Zero
product recall

890+
customer audits

Zero
form 483 observations

100%
employees trained on cGMP regulations

173 GJ
energy saved by installing movement sensors across our facilities

Robust Manufacturing Capabilities

Laurus Labs has six cutting-edge manufacturing facilities located in Visakhapatnam, complemented by a state-of-the-art Research and Development (R&D) Kilo Lab establishment situated in Hyderabad. Our operational framework is anchored by a range of core offerings, notably spanning Generic Formulations, Generic Active Pharmaceutical Ingredients (APIs), Contract Development and Manufacturing Organization (CDMO)-Synthesis, and Fermentation-based Product Development. This empowers us to consistently deliver products of the highest caliber, while also enabling us to extend our reach across North America, Europe, and Low-Income Countries.

Our manufacturing infrastructure is strategically equipped to accommodate the production of both drug products and drug substances. Additionally, our capabilities are enhanced by fermentation-based processes which facilitate the development of recombinant food proteins at two of our esteemed Laurus Bio facilities. This extensive and diverse portfolio of capabilities positions us to effectively harness our wide-ranging proficiencies, driving forward innovative product development initiatives, all while maintaining adherence to the regulatory standards.

Our Manufacturing Sites

Facility	Business Vertical	Location	Capacity	Certifications & Approvals
Unit 1	Active pharmaceutical ingredients (API) & Contract Development and Manufacturing Organization (CDMO)	Visakhapatnam	334 reactors 1,240 KL	Approvals from WHO, USFDA, PMDA, NIP, KFDA, and BfArM. ISO 14001 and ISO 45001 certified.
Unit 2	Finished dosage form (FDF) & Active pharmaceutical ingredients (API)	Visakhapatnam	10 billion units, 12 reactors 89 KL	Approvals from WHO, USFDA, PMDA, NIP, KFDA, and BfArM. ISO 14001 and ISO 45001 certified.
Unit 3	Active pharmaceutical ingredients (API)	Visakhapatnam	297 reactors 2,341 KL	Approvals from WHO, USFDA, PMDA, NIP, KFDA, and BfArM. ISO 14001 and ISO 45001 certified.
Unit 4	Active pharmaceutical ingredients (API) & Contract Development and Manufacturing Organization (CDMO)	Visakhapatnam	207 reactors 1,960 KL	Approvals from WHO, USFDA, PMDA, NIP, KFDA, and BfArM. ISO 14001 and ISO 45001 certified.
Unit 5	Contract Development and Manufacturing Organization (CDMO)	Visakhapatnam	51 reactors 151 KL	Approvals from WHO, USFDA, PMDA, NIP, KFDA, and BfArM. ISO 14001 and ISO 45001 certified.
Unit 6	Active pharmaceutical ingredients (API) Intermediates	Visakhapatnam	112 reactors 1,479 KL	Approvals from WHO, USFDA, PMDA, NIP, KFDA, and BfArM. ISO 14001 and ISO 45001 certified.
R&D Kilo Lab	Active pharmaceutical ingredients (API) & Contract Development and Manufacturing Organization (CDMO)	Hyderabad	43 reactors 4.3 KL	Approvals from WHO, USFDA, PMDA, NIP, KFDA, and BfArM..

Generics APIs

43% contribution to total revenue	**+28%** Year-on-Year change	ARV API reported 21% growth and witnessed normalised sales Oncology revenues witnessed strong increase following offtake in key product

Laurus Labs continues to leverage its robust expertise in chemical manufacturing. As a result, we have developed an extensive array of in-house APIs and intermediates, which is a reflection of our pursuit of excellence. Central to our endeavours is the realm of chemistry, where inventive methodologies converge with operational efficacy, resulting in cost-effective processes and optimization.

To ensure reliability and an uninterrupted supply, we are investing in capacity expansion initiatives. There has been a capacity expansion of more than 28% in small molecules, and the CMO pipeline has also been increased. A new Sterile Lab has commenced operations. An investment of up to 10% of profits in disruptive technologies has led to the establishment of the first GMP CAR-T cell therapy facility and implementation of the Enzymes and BioCatalysis platforms.

Generics FDFs

19% contribution to total revenue	**-39%** Year-on-Year change	Signed Supply agreement with Global Fund for ARV drugs for 2023-2025 period Developed market tracking healthy growth with higher generic volumes

At Laurus Labs, our dedicated research laboratories for the formulation, as well as our laboratory-scale clinical supply facilities and analytical research labs, possess the capability to develop a diverse range of dosage forms. We derive tangible value for our customers by harnessing cost-effective processes and substantial capacities within the API sector. Building upon our strengths in chemistry research, process chemistry, active pharmaceutical ingredient production, and regulatory filings, our FDF business capitalizes on these foundations.

Furthermore, our advanced oral finished dosage facility, located in Visakhapatnam stands as a testament to our commitment to international regulatory standards. Boasting a commercial capacity of 10 billion units, this facility is a pinnacle of modern pharmaceutical infrastructure.

These advancements are positioning our FDF business to emerge as a key player, delivering comprehensive solutions to the global market.

CDMO

36% contribution to total revenue	**+136%** Year-on-Year change	Baseline project revenues expected to accelerate and lead the upcoming growth as the Pipeline looks very encouraging with over 60 active projects Commercial GMP Manufacturing for Animal Health Contract to be Initiated from 2HFY24

CDMO - Synthesis business demonstrated a robust growth of over 136% y-o-y, making FY2023 as the 'Year of Synthesis'. As a trusted CDMO, we help pharmaceutical and biotech companies smoothly go from the initial stages of product development to the efficient production of large quantities. The highlight of the year was the successful execution of a large CDMO purchase order with Big Pharma at incredible speed and scale. The project improved our visibility resulting in increased business from big pharma partners and from other global clients.

Through our CDMO business, we have solidified our position in the manufacturing and supply of nature-identical and highly pure polyphenols, including prominent compounds such as Curcumin, Resveratrol, and Pterostilbene. The end-to-end capabilities have further been enhanced to handle steroids, hormones, and high potent molecules. A strong and wider customer base across US, EU and Japan has resulted in more than 60 active projects (Phase I, II and III + CMO) and on-going supplies for 10 projects (4 API projects & several intermediates).

Our innovative capacity extends to the development of cutting-edge technologies for essential ingredients such as carotenoids, exemplified by Beta-carotene and Astaxanthin, as well as Huperzine A. Additionally, our advancements include novel nutraceutical co-crystals, strategically combining Pterostilbene, Caffeine, and Curcumin. These sophisticated co-crystals are engineered to elevate bioavailability while ensuring meticulously controlled absorption properties, thus enhancing our profile in the realm of advanced pharmaceutical solutions.

Automation and Digitization in Our Manufacturing Processes

The strategic integration of automation and digitization has become essential in bolstering our productivity, efficiency, and overall competitive edge.

As we continue to embrace automation technologies we can optimize production processes, yielding a reduction in manual errors and downtimes. Digitization also empowers us to manage and analyze extensive data, facilitating data-driven decision-making that enhances planning and resource allocation.

Through our commitment to digital transformation, we have seamlessly integrated bots and harnessed the potential of Robotic Process Automation. This technological synergy is complemented by the integration of analytics and visualization tools, which provide us with invaluable insights from our data reservoirs. We are also working towards fortifying our capabilities with predictive and forecasting functionalities.

We are also incorporating an array of Internet of Things (IoT) devices, an instrumental asset that will further help in the optimization of our manufacturing processes.

Other key automation and digitization initiatives

Tablet Inspection Systems	Ensuring the quality, safety, and compliance of our medicines is paramount. We have implemented an advanced Tablet Inspection Machine, featuring 24 cameras, including 20 2D and 4 high-speed 3D cameras. This technology meticulously examines each tablet for defects, ensuring top-tier quality. With an impressive speed of up to 700,000 tablets per hour, substandard tablets are efficiently identified and removed, reaffirming our commitment to excellence.
Oral Dosage Form (ODF)	To ensure consistent delivery of quality products, we have implemented an automated process for producing Oral Dosage Films (ODF). This involves meticulous monitoring of critical parameters like film thickness, drying temperature, and airflow during casting. The process continues with precise cutting and packaging into pouches using a high-speed three-lane machine. With an output of 564 pouches per minute, this automated method guarantees accurate dosages, unwavering quality, and an impressive production rate, establishing it as a robust and reliable approach for ODF production.
Packer and Palletizer	A fully automated robot system has been deployed on the bottle packing line, operating at a rapid 200 bottles per minute. The process includes robotic assembly of cases, precise placement into shippers, shrink-wrapping for qualifying bundles, and sealing with BOPP tape. A check weigher ensures proper weight, rejecting anomalies. Labelled shippers are auto palletized. This innovation maximizes efficiency, accuracy, and productivity while minimizing errors in packaging.
Recipe-based Approach	Our recipe-based approach reduces variability across manufacturing, cutting losses and preventing batch rejection. Strategic batch scaling eliminates redundant analyses, increasing output and reducing our ecological footprint. This streamlines manufacturing with fewer rejects, higher productivity, and a notable contribution to environmental sustainability.

Quality Control and Compliance

At Laurus Labs, maintaining the quality and safety of our products is not only a top priority but also a core principle in how we conduct our operations. Our commitment to maintaining quality standards stems from our responsibility to protect the health and well-being of our patients worldwide.

We understand that the effectiveness and safety of our pharmaceuticals directly impact the health of our patients, and any compromise in quality could have significant consequences for their well-being.

Therefore, to address this, we have implemented robust and meticulous quality management systems, which adhere to globally recognized standards such as Good Manufacturing Practices (GMP). These measures maintain that each phase of our drug manufacturing process upholds the highest levels of quality and safety.

No incidents of Product Recall in the last five years

Quality Management Systems and Processes

Laurus Labs demonstrates a strong commitment to maintaining exceptional quality standards throughout our operations, encompassing research and development, contract services, and pharmaceutical manufacturing. This is evident in our systematic approach to quality management, which is characterized by regular reviews and a relentless pursuit of continuous improvement in our Quality Management Systems (QMS).

To streamline our daily operations, we employ cutting-edge software solutions:

- **DMS (Document Management System):** Facilitating document preparation, review, approval, issuance, and retrieval.
- **SAP (System, Application, and Products in Data Processing):** Managing inventory in our Raw Material warehouse.
- **Calibration & Preventive Maintenance Software:** For equipment and instrument checks.
- **QAMS (Quality Assurance Management System):** Handling change control, audits, deviations, corrective/preventive actions, and market complaints. It ensures timely notifications, action, and communication of responsibilities.
- **ICDAS - Stability Chambers:** Securing product stability.
- **Minitab:** Analysing and evaluating quality data for Product Quality Review preparations.

Quality-Related Training and Development

Laurus Labs places utmost importance on quality standards, exemplified by our core values of knowledge, innovation, excellence, care, and integrity. These values are fortified by an ongoing commitment to learning and development. Our electronic Learning Management System (LMS) software spearheads our training initiatives, enabling targeted learning experiences based on individual roles and responsibilities, as identified by departmental leaders.

New employees undergo comprehensive induction training, acquainting them with the company, products, policies, and the principles of current Good Manufacturing Practices (cGMP). Furthermore, third-party qualified trainers from various operational sectors impart specialized cGMP training.

SOP-based training sessions further reinforce quality standards, culminating in mandatory evaluations. This comprehensive approach makes certain that every employee is equipped with the knowledge and skills needed to uphold the highest quality standards, fostering a culture of excellence throughout the organization.

Regulatory Compliance

At Laurus Labs, we demonstrate a strong commitment to regulatory compliance and adherence to global standards across all our operations. This approach encompasses several key elements that highlight our dedication to meeting regulatory standards and maintaining product quality and safety.

1. **Adherence to Regulatory Requirements:** We prioritize strict adherence to global regulatory requirements established by various governments. This maintains that our operations consistently meet the necessary standards to facilitate smooth functioning.
2. **Regular Inspections and Audits:** Our facilities undergo frequent inspections and audits conducted by regulatory authorities, customers, and third-party consultants. These assessments validate Laurus Labs' compliance and contribute to maintaining a high level of quality and safety.
3. **Internal Auditing Mechanism:** Laurus Labs employs a robust internal auditing mechanism to assess and monitor its processes. This mechanism helps us identify and address any instances of non-compliance promptly, preventing potential disruptions and maintaining regulatory alignment.
4. **Standard Operating Procedures (SOPs):** Laurus Labs has well-defined Standard Operating Procedures (SOPs) within its Quality System. These SOPs serve as a structured framework for operations, helping to ensure consistency, reliability, and compliance throughout the manufacturing process.
5. **Global Best Practices:** We follow the best global practices within our manufacturing facilities. By incorporating these practices, we secure the effective transfer of inputs and timely delivery of 2products to our customers, while maintaining compliance with the current Good Manufacturing Practice (cGMP) standards.
6. **cGMP Certificates:** All sites within Laurus Labs have received cGMP certificates, demonstrating adherence to high-quality manufacturing standards. This recognition reflects our commitment to producing products that meet the expectations of national and international regulatory authorities.
7. **Successful Regulatory Inspections:** Our successful regulatory agency inspections in the last fiscal year reinforces our dedication to meeting regulatory standards. These inspections validate our efforts to secure the highest level of quality, safety, and compliance across our operations.

Management Systems and Certifications

At Laurus Labs, all manufacturing facilities comply with the Integrated Management System (IMS) standards. We strictly adhere to the requirements of the Quality Management System (ISO 9001-2015), Environment Management System (ISO 14001-2015), and Occupational Health and Safety Assessment system standards (ISO 45001-2018).

Additionally, we have started implementing the Energy Management System (ISO 50001:2018) across all facilities. External green audits have also been conducted on all plants to guarantee compliance.

Sustainable and Efficient Manufacturing

We are committed to enhancing our operational efficiency and acknowledge our responsibility to minimize negative impact on the environment. As a result, we took and implemented various initiatives that align with our sustainability objectives. These include the adoption of energy-efficient lighting systems to reduce energy consumption and advanced pumping technologies designed to utilize water more efficiently. We are constantly seeking new avenues to increase our share of clean sources of energy. In FY23 we increased our share of renewable energy, primarily solar energy, to approximately 4% of total energy consumption. By doing so, we intend to reduce our reliance on conventional fossil fuels and contribute to a cleaner energy ecosystem.

Some of the major initiatives that resulted in energy saving/offsetting includes:

- During the year 43,695 tons of steam purchased from waste heat recovery boiler which saved around 120,719 GJ of energy
- Step towards increasing green energy, 2,795 GJ of solar power generated and consumed during the year 2022-23
- Swapped fuel-based vehicles with E-vehicles as a step towards clean and green transport.

We have also incorporated variable frequency drives (VFDs) across our facilities. These devices regulate energy consumption by adjusting equipment speeds according to real-time demand, leading to more efficient energy utilization. During the reporting year, 3,664 GJ of power was saved by installing variable-frequency drive (VFD) at various equipment across the organisation. We are also implementing more efficient cooling systems. Through the implementation of energy-efficient cooling systems, we can maintain optimal temperature conditions while minimizing energy consumption. As part of this initiative, we have installed a temperature controller for cooling tower fans.

In line with our dedication to sustainability, we are also exploring opportunities to transition to cleaner fuel alternatives across our sites. This shift aligns with our broader objective of reducing carbon emissions across the value chain.

Driving Innovation through Knowledge and Excellence

As the burden of chronic diseases rise every year, the need for better treatments remains critical. We are committed to developing affordable, quality medicines to address the unmet needs of our patients by implementing innovative strategies, state of art research facilities and strong research teams.

We are a science led company with innovation ingrained in our core. Pioneering the frontiers of science to meet humanity's imperatives, our journey has seen us constantly reconfigure our product spectrum. Since our inception, we have evolved from an API powerhouse with specialized focus on ARV to venturing boldly into the domains of FDF and Synthesis. A catalyst behind this evolution is our innovation powerhouse- R&D division that not only shapes our strategic stance but also propels us to devise remedies for some of the most challenging diseases.

3
R&D Centres

1,050
researchers and
2300 +
scientists

INR 211 crore
invested in R&D

25
research products in pipeline

6
Big pharma partnerships

ZERO complaints
received on data privacy and information security breaches

208 patents
granted till date

6 New patents
We added 24 new patents

Increased
collaboration and partnerships

3.5%
of R&D spend as % of Sales

Our Research and Development Infrastructure

Our research-first approach has been a clear differentiator with strong R&D capabilities displaying growth potential. We have 3 state of the art R&D facilities that are driven by strong purpose and fuelled by an extremely passionate 2300 + employees including 1050 researchers and scientists who are dedicated to develop innovative formulations, APIs (active pharmaceutical ingredient) and synthesis technology. At the heart of our R&D efforts in this area is the FDF Development centre. The centre brings together Formulation and Analytical Research, Clinical Pharmacodynamics and Pharmacokinetics, Regulatory Affairs, Packaging Development, Intellectual Property Management and Developmental QA functions. The dedicated formulation research labs, laboratory-scale clinical supply facilities and analytical research labs can develop different types of dosage forms.

We ensure that all our R&D colleagues are abreast of the regulatory developments through regular training and interactions. Additionally, we release monthly newsletters on intellectual property (IP) to educate employees on patents through the IPM Newsletter. During the year, investment in R&D continued with a product specific approach based on complexity and economies of scale. We continued to further develop orally disintegrating film platforms, which can be leveraged to create innovative pipelines in other therapeutic areas. The sterile R&D labs, commissioned, is one of the priority projects and the development for 5 products is expected to be completed in the coming year.

Sterile R&D lab

The injectable R&D lab which was commissioned in the year FY 2022 have been designed as a multipurpose facility. The lab can handle 5 injectable products including solutions, suspensions, lyophilised products, emulsions and microemulsions. The portfolio of products selected to be developed in these labs are also from diverse therapeutic areas such as long acting antiretroviral, gastroenterology, anaesthetic, pain and inflammation, CVS, CNS, steroids and vitamins and supplements. Apart from processing capabilities the lab is also equipped to develop steam induced terminal sterilisation cycle. The formulation lab has a well-equipped analytical facility attached hence most of the analytical requirements can be catered by the in-house facility

By continuously investing in research and developing new therapies, our focus is to constantly adapt to changing market demands, overcome patent expirations of existing drugs, and constantly improve in a dynamic healthcare landscape.

Our Intellectual Property

Our unwavering commitment to innovation and excellence has yielded a formidable array of intellectual property assets. This is exemplified by the submission of 24 patents, 79 dossiers, 37 ANDAs, and 1 NDA in the course of the year. We take profound pride in elevating our product repertoire, harnessing our extensive intellectual capital and proficiency.

Patent-related litigation has been common in the pharmaceutical and medical device sectors. However, at Laurus, we prioritize protecting legitimate third-party intellectual property rights (IPRs) and ensure that our products never violate patent-related litigation. We have an in-house Intellectual property rights cell (IPR Cell) that supports R&D team and Business teams; administers IP creation by providing a clear understanding of the rights and responsibilities of the scientists of R&D and also facilitates protection of IP's generated through research work. It supports the enforceability of the in-house patent rights and readiness to make safeguards for the possible litigations. This has helped us to stay in line with the increasing demand of the market and changing industry developments.

Patents	DMFs	ANDAs - US	Dossiers - Europe	Dossiers- Canada	Dossiers- WHO	Dossiers- South Africa	Dossiers- Australia	Dossiers- India
24	79	37	15	20	9	7	1	20

Product Innovation

We develop innovative medicines that greatly improve health outcomes for patients with an unremitting focus on quality and affordability. Since inception, we have commercialised 60+ products across three distinct business units: Generics API, Generics FDF and Synthesis. During the year we have launched two products Oral Disintegrating Films (ODFs) and Trientine HCl.

Orally Disintegrating Films (ODFs)

Pediatric and geriatric patients are considered a special category as they face difficulty in swallowing tablets or capsules. Laurus has conducted significant research to develop a safer and more efficient drug delivery system that caters to the needs of these patients, enabling them to lead healthier and longer lives.

Through extensive research, Laurus has discovered that orally disintegrating films (ODFs) serve as a safer alternative for pediatric and geriatric patients. These ODFs offer improved acceptance and patient compliance, while also providing better safety and efficacy compared to conventional dosage forms.

By introducing these ODFs, Laurus aims to address the specific challenges faced by pediatric and geriatric patients in medication administration. This innovative approach not only enhances patient comfort and convenience but also ensures the delivery of medication in a manner that is safe and effective for these vulnerable populations.

Trientine HCl

The main challenge in supplying Trientine HCl is its stability issue, as it tends to transform into trihydrochloride at room temperature (RT), leading to degradation. As a result, it is typically required to be stored at temperatures between 2–8 °C to prevent this degradation.

However, Laurus has successfully overcome this hurdle by developing a stable form of Trientine HCl. Unlike the findings in prior art literature, Laurus has achieved a formulation that remains stable even when stored at room temperature.

This breakthrough ensures that Trientine HCl can be conveniently stored and transported without the need for strict temperature control, providing greater flexibility and convenience to suppliers and end-users.

Some of our products in the pipeline include Generic versions of Sartan, Gaba inhibitors, Hormonal supplements, RCAs, and long acting injectables. We aim to constantly bring new products to the product portfolio post completing regular checks. Generally, the time lag from initiation to DMF filing is between 12 to 24 months and the same applies to drug product dossiers on a standalone basis. For an integrated product development, this timeline can range anywhere between 36 to 48 months.

Protecting Intellectual Property

Due to the nature of the business, we deal with vast amounts of sensitive and confidential data, ranging from intellectual property, research findings, and proprietary formulations to patient information and business strategies. Safeguarding such critical information is not only a legal and ethical obligation but also essential for maintaining the trust of customers, stakeholders, and partners. In an era of increasing cyber threats and data breaches, fortifying the company's data protection measures is vital to prevent unauthorized access, data leaks, and potential financial and reputational damages.

We demonstrate our commitment to upholding the highest standards of confidentiality, integrity, and reliability, ensuring the continued success and resilience of the organization in an ever-evolving digital landscape. Proactive data protection and cyber security measures also empower us to drive innovation and collaboration, fostering an environment where employees can focus on research and development without compromising sensitive information.

I.T./Cybersecurity Governance

Our Information Technology policy paves the way and drives as to how the data is managed and protected within the organization. Data protection is an important area for us as any data breach can impact our reputation and business performance.

The systems and processes around I.T and cybersecurity is managed by the company's Executive Director and CFO Mr. V.V. Ravi Kumar and departmental I.T head Mr. Vivek D.

Information and Security Management System (ISMS)

An information and security management system are essential for Laurus to protect sensitive information, mitigate cyber threats, comply with regulations, safeguard reputation and customer trust, ensure business continuity, and drive cost savings and operational efficiency. By prioritizing information security, we create a secure and resilient environment that supports our long-term success in an increasingly interconnected world.

ZERO consumer complaints received related to data privacy and cybersecurity aspects in FY23.

Our Intellectual Property Management Policies and Procedures

Information security/ cybersecurity policy is internally available to all employees.	ISMS policy is available on Laurus's internal intranet portal highlighting the company's commitment towards information security in line with business/legal/regulatory needs. Additionally, SOP on security incidents and monitoring, policy on information classification, and incident management procedures are also available.
Information security/cybersecurity awareness training.	Various platforms inform employees of the ISMS policies, framework, and related updates. The training mechanism includes: •New joiners are provided with mandatory training during induction. •Security awareness mails are sent to all employees every week. •Need-based training are organized when specific risks are identified, or any tests are required to be done.
Escalation process which employees can follow in the event an employee notices something suspicious is in place.	Employees who want to escalate any issue or report any security incident can raise their concerns at issecurity@lauruslabs.com and ishelpdesk@lauruslabs.com
Information security/ cybersecurity is part of the employee performance evaluation	If any malicious activity is observed or any breach is found against any employee, it may trigger disciplinary action or termination process. However, no breach was reported during the FY2023.

Leveraging technology

By gradually embracing digital solutions across various aspects of operations, we have achieved significant benefits. The transformation began by streamlining the adoption of eLNB, while manufacturing and quality document management systems through implementation of DIMS, DMS and QMS systems.

Furthermore, we leveraged digital tools like SAP for inventory management, serialization, and warehouse management. These initiatives have eliminated paper-based operations, leading to improved efficiency and a reduced carbon footprint. In addition to the environmental advantages, the digitization efforts have also increased efficiency of the employees.

ALCOA+ Data Integrity - Data is an important aspect as visibility helps build analysis, provide gaps, and allows an individual to plan further courses of action. ALCOA+ is a set of principles and guidelines used to ensure data integrity. As per our Quality assurance standard operating procedure, we are following it in all activities to fulfil the requirements. By adhering to these principles, companies can ensure the reliability, traceability, and trustworthiness of their data, which is vital for regulatory compliance, patient safety, and the overall integrity of scientific research and healthcare practices.

Partnerships and Co-creation projects

In every research and development (R&D) ecosystem, knowledge creation plays a crucial role, extending beyond the boundaries of the organization itself and often involving vendors and customers as well. Establishing strong R&D ecosystems allows organizations to excel in knowledge co-creation and foster symbiotic relationships with partners.

At Laurus, we value openness and transparency and actively engage in co-creation projects with our partners. This collaborative approach entails providing technological support, sharing equipment know-how, and allocating necessary resources, both human and material, to aid our partners in developing unexplored technologies. We collaborate on nascent technologies to create robust and scalable processes that can be further commercialized. It goes beyond product development and often encompasses the design of manufacturing facilities and equipment for future commercialization.

Some of our key collaborations include:

- Signed new CDMO multi-year contract with leading Global Life Sciences company for Niche APIs in Animal Health – Commercial manufacturing to be initiated in H2 FY2024.
- Partnered with IIT Kanpur to brace cell and gene therapy space
- Partnered with Flow chemistry technology to aid in transition to modern approaches to pharmaceutical manufacturing endorses the business approach of Laurus Labs.
- Strategic collaboration with CGT platform Co. ImmunoACT is making good progress with the establishment of a GMP facility for manufacturing CAR-T treatment.

People powered excellence

Laurus Labs has been certified Great Place to Work for all employees by excelling in 5 dimensions of High Trust, High Performance Culture- Credibility, Respect, Fairness, Pride and Camaraderie.

Our people are our most valued assets. They are the bedrock of our success, enabling us to achieve excellence, igniting the spark of innovation and championing sustainability. We strive to create a safe, secure, and inclusive workplace for our people, enabling them to realize their potential and ambitions.

Over the years, we have built a 'Great Place to Work' certified workplace where our employees are empowered to excel and grow. Through robust talent management programs, professional development opportunities, and a commitment to work-life balance, we empower our people to continually thrive and contribute towards delivering our purposeful healthcare outcomes.

INR 1,446
spent on training per FTE, with

1,045
Permanent employees hired

7%
women in total workforce

100%
employees trained on code of conduct and ethics

workers with INR 877 spent on hiring per FTE

100%
sites IS0 45001 certified assessed for health and safety practices

Our People Strength

As of March 31, 2023, we are proud of having a strong and diverse workforce comprising ~6000+ permanent employees, with 7.55% of them being women. In addition to our permanent employees, we are delighted to have 4,923 contractual employees as valuable members of the Laurus Labs family. This collaborative approach empowers us to achieve our shared goals and deliver excellence to our customers and patients.

We acknowledge the significance of cultivating a young and dynamic workforce, with 45% of our employees being under 30 years of age. At Laurus Labs, we recognize their potential and strive to align with their aspirations, providing ample opportunities for learning, innovation, and professional growth.

Attracting Excellence

Attracting diverse, skilled, and motivated talent in the pharmaceutical industry poses unique challenges within India, particularly in specialized areas like research and development, regulatory affairs, and clinical trials. To proactively address this scarcity, we have adopted innovative strategies to both attract and retain top talent. Our comprehensive online HR platform, Darwin Box, streamlines hiring and recruitment and aligns workforce needs with business objectives effectively.

Our recruitment processes are driven by a focus on transparency and meritocracy, and candidates are evaluated based on their abilities and aptitudes. We focus on competency-based and behavioral assessments during interviews, enabling us to gain a holistic understanding of candidate's character and potential capabilities and skills. To ensure a diverse talent pool, we employ a multitude of channels, including campus recruitment and employee referrals. This approach enables us to engage with a wide spectrum of candidates, enriching our talent acquisition process and talent pool. As of March 31, 2023, we have successfully hired 1,045 permanent and 7,930 contractual employees.

Creating an inclusive culture

When individuals with distinguished skills and diverse capabilities come together to collaborate, united by a common purpose, they have the power to deliver excellence and drive impactful outcomes. In the pharmaceutical industry, gender imbalance, particularly in leadership roles, has been a longstanding concern, largely attributed to the skills deficit. Consequently, at Laurus Labs, we remain steadfast in our commitment to design support programs for women and focus on developing women leaders within and across the organization. Our goal is to establish a workplace where equality and inclusion are embedded in our policies and practices.

We firmly believe in fostering an inclusive and harassment-free workplace with a zero-tolerance policy for any form of discrimination. We actively encourage our employees, contractors, and suppliers to report any instances of discrimination they may encounter.

Though our women strength stands at 7%, we envision enhanced women's representation in our workforce, with a goal to achieve 15% in the years to come, demonstrating a strong commitment to gender parity. We are pursuing this goal through our robust gender positive programs and dedicated efforts.

Our Diversity and Inclusion Initiatives

Fair Recruitment Practices	At our offices, fairness and equality are fundamental principles upheld through our recruitment processes. Our practices adhere to all relevant laws and anti-discrimination best practices and our recruitment policy prioritizes hiring decisions solely based on competence and alignment with job descriptions.
Safety of Women	At all our sites, we have prominently displayed posters and communication materials outlining the company's unequivocal stance on 'Zero Tolerance to Sexual Harassment". These materials also provide clear guidelines on how employees can raise grievances in the event of any concerns or incidents.
Initiative for mothers	We are proud to offer onsite creche facilities at all our manufacturing units. As part of our ongoing commitment to employee welfare, we are collaborating with external experts to expand these facilities to all locations.
Embrace Equity	We celebrated International Women's Day 2023 with a global campaign themed #EmbraceEquity, advocating the profound belief in the value and importance of embracing differences, and recognizing women's journey towards equality.

Continuous Learning and Upskilling

We cultivate a culture of continuous learning that embraces professional and personal development, empowering our employees to stay adaptable in the face of evolving job demands. To achieve this, we place a high value on comprehensive training and upskilling programs, workshops, mentorship opportunities, and self-directed learning resources.

To facilitate structured development and promote knowledge sharing, we have established a robust training and development policy, supported by an annual calendar of programmes and a learning management system to efficiently track, and implement training initiatives. Our training programs are thoughtfully categorized based on their purpose, target audience, and the depth of knowledge or skills they provide.

We successfully delivered and executed the following key training initiatives this year:

- **Onboarding and Orientation Training:** At the outset of the journey, new hires undergo an induction process that introduces them to our company's vision, values, and core principles. Our human resources team provides comprehensive training on our company policies, including our Code of Conduct, Anti-Discrimination Policy, Prevention of Sexual Harassment (POSH), and other essential guidelines and expected ethical standards.
- **Mentoring program:** Aptly named "Sanchalak - The Guide," pairs new hires with experienced employees, providing invaluable guidance and support during their initial three months with us. This program has already benefited more than 20 individuals, reinforcing our commitment to cultivating a supportive and nurturing environment for all employees.
- **Professional Development Training:** We place great emphasis on nurturing our employee's overall competencies and fostering their professional growth within the organization. Each year employees are encouraged to create individual development plans, and based on these plans, we actively support them in participating in relevant training programs to further their career growth.
- **On-the-Job Training:** Given the critical nature of the data our teams handle, we offer targeted training sessions on maintaining data integrity, adhering to proper documentation practices, ensuring data security, and preventing data manipulation or falsification. For employees involved in quality assurance and control, we provide specialized training on Good Manufacturing Practices and Drug Safety, encompassing adverse drug reactions (ADRs) monitoring and product safety incident reporting

To cultivate a pipeline of capable leaders, we have thoughtfully designed two management and leadership development programs:

- **Leadership Development Program (LDP) "MANTHAN":** An intensive 10-month program focused on honing leadership skills, decision-making capabilities, strategic thinking, and other essential managerial competencies. Through this initiative, Laurus Labs aims to groom future leaders who can effectively drive the company's growth.
- **Our Management Development Program (MDP):** Spanning a year, MDP caters to middle management teams across all functions, promoting cross-functional collaboration and management excellence. Top 25 individuals within the program also receive executive coaching to elevate their leadership capabilities.

Managing Performance Transparently

Our Performance Management Framework is intricately aligned with our organizational goals and objectives, commencing, at the beginning of the year, with individual development planning to establish annual goals and well-defined Key Result Areas (KRAs). Emphasizing open communication and growth, regular quarterly reviews are facilitated for candid discussions between managers and their coaches, that are aimed at providing constructive feedback to foster both professional and personal development. At the year-end, transparent assessments are conducted, evaluating employees' performance against their individual development plans and KRAs, resulting in the assignment of performance review ratings for all. 100% of our employees are part of the career development reviews.

Promoting Employee Wellbeing

We are actively committed to promoting the health and well-being of our employees. Our approach to employee welfare extends beyond industry benchmarked monetary benefits to offer a broad portfolio of benefits and support programs.

Health and wellness programs	Employee Engagement	Service award
In collaboration with PRAAN foundation, we have introduced an Employee Assistance Program (EAP) - "A Healthier and Happier You" an initiative that provides support for preventing and managing chronic illnesses, reducing stress, and improving overall well-being. Expert counsellors are available at each of the locations to help with everything from stress management to relationship challenges, to work life balance and so on. More than 10 employees were benefitted through the program.	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. The Great Place to Work Survey - DARPAN, captures the pulse of our employees on job satisfaction, work environment, growth opportunities etc. 100% of our employees participated in the survey.	Long service awards are a way to recognize and honor our employees who have shown loyalty and dedication by serving the company for a significant period. These awards are typically given to employees who have completed milestone years of service, such as 5, 10, 15, 20, or more years. We also provide ESOPs to all our employees who have completed three years in the organization.

Promoting Employee Health and Safety

The health, safety and security of our employees is a top priority. We have institutionalized this commitment through a robust Health and Safety Policy. All our facilities are designed in accordance with the highest safety standards and state-of-the-art safety controls and are ISO 45001:2018 (Health and Safety Management) certified. We carry out internal audits to check the effectiveness of EHSMS periodically. Trained EHSMS coordinators are appointed to implement Occupation Health & Safety Management System (OHSMS). We implement proactive and preventive measures to manage safety risks and spread awareness on the importance of safe behaviours and healthy lifestyles.

57927
hours spent on health and safety training

100%
sites are assessed for health and safety practices

0.23
LTIFR

31
near misses incidents

Health and Safety Governance

To foster an environment of collaboration and representation, we have established Safety Committees at all our units, entrusted with promoting health and safety in the workplace while providing regular oversight on workplace injuries. These committees play a crucial role in monitoring the workplace for potential hazards on a consistent basis. By proactively identifying, assessing, and addressing hazards, we can effectively prevent work-related illnesses and injuries, creating a safer workplace for all.

The Safety Committees are designed to play a crucial role in our commitment to ensuring a safe and secure working environment for all employees. Beyond merely monitoring hazards, these dedicated committees take proactive measures to implement preventive actions directly on the field, mitigating risks and safeguarding our workforce. Actively engaged in promoting health and safety activities, these committees work tirelessly to formulate effective strategies that enhance our overall health and safety performance. Through regular monthly safety committee meetings, we provide a platform for employees to voice their concerns, share valuable safety insights, and report any unsafe observations across the plant.

By fostering a culture of open communication and continuous improvement, we empower our employees to actively participate in the safety process. The insights and reports gathered from these meetings serve as vital inputs for strengthening our safety protocols and refining our risk management strategies.

Health and Safety Training

Through comprehensive Health and safety training, we empower our workers with the knowledge to carry out their tasks safely and securely. By promoting a safety-first approach, we streamline our operational processes, leading to reduced costs and increased productivity.

As part of our onboarding process, all new joiners undergo a thorough safety induction, ensuring that everyone starts their journey with a strong foundation in workplace safety. We recognize that different roles entail varying risk levels, which is why we conduct a range of HSE training programs tailored to specific job requirements. Whether it's basic safety training or specialized courses on working at heights and chemical handling, we ensure our workers are equipped to handle their responsibilities with utmost care.

To create a safe working environment, suitable Personal Protective Equipment (PPE) is provided to all workers, and strict adherence to its usage is enforced in all activities. Even our visitors receive special attention when it comes to safety. Before entering our premises, all visitors undergo visitor induction training to ensure they are aware of the necessary safety protocols. By fostering a culture of safety, continuous training, and vigilant monitoring, we strive to make Laurus a place where our employees and visitors alike feel secure and always protected.

Hazard Identification and Risk Management

The foundation of implementing health and safety in any workplace begins with a comprehensive risk assessment and hierarchy of control techniques. To ensure that every possible risk is identified and addressed, these techniques are thoroughly discussed at all levels, from staff members to field personnel.

To facilitate this process, we have developed Hazard Identification and Risk Assessment (HIRA) protocols at all sites, along with corresponding control measures. This ensures that every department and concerned group actively participates in preparing and reviewing HIRA, collectively enhancing safety measures throughout the organization.

Additionally, to further bolster safety protocols, the company has established Standard Operating Procedures (SOPs) and Operational Control Procedures (OCPs) for all activities and tasks. These procedures serve as essential guidelines, promoting consistent and safe practices across the organization.

Incident Management and Investigation

At our workplace, we strongly encourage employees and staff to promptly report any incidents, as it significantly enhances safety awareness and contributes to a positive work culture. By reporting incidents and observations, we remain vigilant and proactive, identifying potential problems before they escalate into major accidents or disasters.

To ensure thorough investigation and prevention of future incidents, we form dedicated and specially trained cross-functional teams for conducting root cause analysis (RCA) whenever an incident occurs. This approach enables us to understand the underlying causes and implement effective preventive measures.

Maintaining a robust safety culture is paramount, and to achieve this, every Department Head develops an Accident Prevention Plan. This plan includes reporting near misses, first aid cases, defining the number of required training sessions, and identifying and rectifying unsafe actions or conditions.

Upon investigating an incident, we promptly implement remedial measures based on the root cause analysis. Additionally, the concerned hazard identification and risk assessment (HIRA) are revised, and corrective actions are implemented following the hierarchy of control. This comprehensive approach ensures that we continuously improve our safety measures to prevent similar incidents in the future.

While we acknowledge that the year saw five fatalities on our premises, we have conducted thorough root cause analyses and taken corrective actions to ensure that such tragedies do not recur. Our unwavering commitment to safety underscores our determination to create a workplace where every individual can work confidently and securely.

Human right and Fair Labour Practices

The pharmaceutical industry assumes a pivotal role in advancing humanity's well-being through the development and production of life-saving medicines and treatments. This noble pursuit not only supports the fundamental principles of human dignity but also upholds the vital right to access healthcare, empowering individuals to exercise their agency and live healthier lives. As a consequence, it becomes our unwavering responsibility to ensure that human rights are respected and upheld, and fair labor practices are diligently maintained across our entire value chain and supply network.

At Laurus Labs, we are deeply committed to the principles of ethical conduct and social responsibility. Recognizing the profound impact of our actions on the lives of patients, employees, and communities, we strive to go beyond mere compliance and actively promote a culture of respect, inclusivity, and fairness. From sourcing raw materials to the distribution of our pharmaceutical products, we ensure that every step of our value chain aligns with the highest standards of human rights and labor practices.

In our research and development endeavors, ethical practices are at the core of everything we do. We place a paramount emphasis on safeguarding human rights and strictly adhering to all pertinent regulations and guidelines. This unwavering commitment is evident in our approach to conducting clinical trials, where obtaining informed consent from participants is a fundamental priority. We respect the privacy and confidentiality of all individuals involved and ensure fair compensation is provided, whenever applicable, for their participation in these trials. Through our Human Rights Policy we uphold and promote human rights in all aspects of our business operations. The policy applies to all employees, trainees, interns, consultants, contractors, including visitors to the company The policy aligns with the following international standards:

- The Universal Declaration of Human Rights.
- The Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO).
- The United Nations (UN) Guiding Principles on Business and Human Rights.

We actively engage with our suppliers to promote fair labour practices, including the prohibition of child labour and forced labour. Though employees can freely associate without fear of reprisal, discrimination, intimidation, or harassment, we do not have any formal unions or associations. During the last fiscal year we conducted human rights assessment internally for all our sites to ensure compliance with our human rights standards.

Augmenting Natural Capital Responsibility

As we navigate a world grappling with the pressing issues of diminishing resources and intensifying climate change, sustainable resource use and environmental stewardship are undeniable imperatives for meaningful success. We don't simply view it as an obligation, but rather as an inseparable element of our identity—a commitment to conscientiously manage natural capital and our environmental footprint.

We firmly believe that safeguarding the environment and investing in nature positive initiatives is not only a responsibility but is also essential towards creating a future that is livable. We acknowledge the potential repercussions and impact of our operations, and thus, we have embraced our role as environmental stewards - curbing our ecological footprint, pioneering inventive green methods, and playing an active part in the worldwide drive against climate change.

We focus on reducing waste generation, substituting unsustainable resources with eco-friendly alternatives, and championing recycling initiatives. Our goal is to play a part in nurturing a circular economy. Furthermore, we actively strive to combat greenhouse gas emissions and advocate for a sustainable tomorrow. This includes our adoption of renewable energy solutions like solar.

Conducted Life cycle assessment for
Curcumin
and
Resveratrol

5.36%
reduction in Scope 1+ Scope 2 emissions intensity from 2021-22 levels

7.63%
reduction in Scope 3 emissions intensity from 2021-22 levels

50%
waste utilisation through co processing

1,250
trees planted in-house

30,000
trees planted during the plantation drives in collaboration with Andhra Pradesh Government

Environmental Stewardship and Management

At Laurus Labs, our commitment to environmental sustainability is evident through a robust management approach, underscored by ISO 14001:2015 certifications across all units, integrating environmental monitoring and management into operations at all levels.

Management of our environment is governed by our Environment, Health, Safety, and Sustainability (EHSS) Policy driven by top management which guides our approach, and includes:

- **Leadership Engagement:** Ongoing communication with senior leadership prioritises policy implementation and environmental progress.
- **Governance and Accountability:** Clear responsibilities are defined, promoting commitment across the organisation.
- **Exceeding Compliance:** We surpass regulatory requirements, going beyond legal obligations.
- **Metrics and Monitoring:** Defined environmental metrics guiding performance improvement plans that are closely monitored
- **Employee Awareness:** Training helps our workforce understand their role in environment management.
- **Stakeholder Communication:** We raise awareness among stakeholders about our sustainability stance.

Translating the EHSS policy is the responsibility of our EHS team which is also responsible for overseeing the implementation of the Environment Management System (EMS) throughout the entire organization. By fostering an internal sustainability culture and collaborating with stakeholders, we lead in environmental solutions and responsible practices aimed at mitigating impacts and enhancing outcomes.

Climate Strategy and Action

The unequivocal evidence of temperature rise, and weather events confirms that our planet is experiencing rapid and unprecedented climate change, primarily driven by human activities. As a responsible and resilient business, we acknowledge the potential impact of climate change on the environment, society, governance, and the economy. We recognize its capacity to affect health, ecosystems, and weather patterns. Undoubtedly, climate change stands as a pivotal global challenge.

Our commitment to action is resolute. We prioritise reducing greenhouse gas emissions by managing fossil fuel energy consumption through advanced technologies, adopting cleaner fuel sources, investing in energy efficiency improvements, and accelerating the shift to renewable energy. During the year, we have undertaken a comprehensive life cycle assessment for two of our products, Curcumin and Resveratrol, with the aim of gaining insights into the environmental impact of these products throughout their life cycle. We firmly believe that our efforts can significantly contribute to mitigating climate change and improving operational performance.

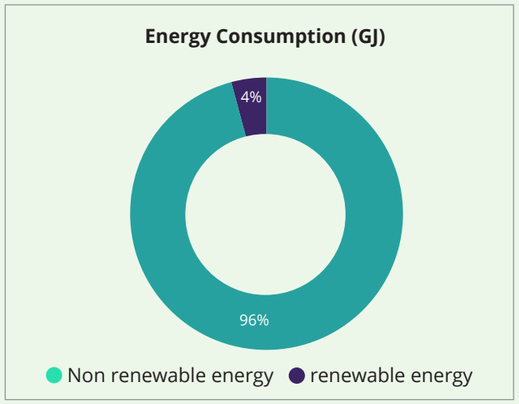
Energy Management

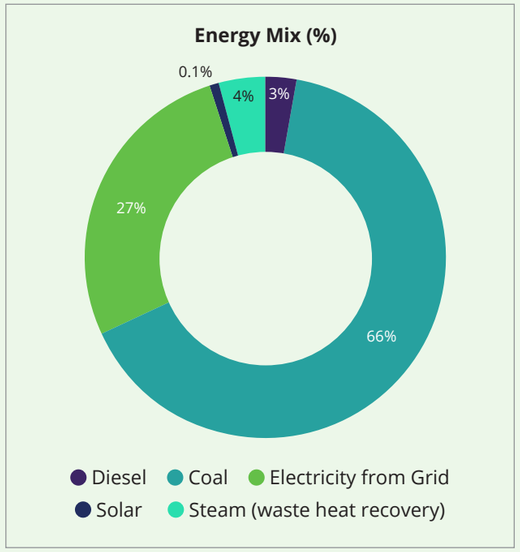
In our pursuit of sustainable energy management, we harness a diverse array of energy sources, including coal, diesel, purchased electricity, solar power, and steam derived from waste recovery processes. Coal and grid electricity constitute substantial portion of our energy mix which contributes to significant emissions followed. We are resolute in our endeavour to transition towards cleaner and more renewable sources by increasing our renewable energy usage from captive power sources and using the steam purchased from waste heat recovery systems.

As part of our commitment to environmental sustainability, we have developed an Energy policy that guides our approach towards energy management and enables us to continually improve our energy performance in operation and maintenance facilities, equipment's, and systems. We have implemented various energy initiatives and implemented an ISO 50001 certified Energy Management System (EMS). The EMS serves as a framework for measuring, monitoring, and continuously improving our energy performance It enables us to identify energy-intensive areas, set energy reduction targets, and implement energy-saving measures. By adhering to best practices outlined in ISO 50001 and other industry standards, we ensure that our energy management efforts are systemic, robust, and aligned with global benchmarks.

Transitioning to renewables

We are taking a significant step towards sustainability by securing a 26% stake in Ethan Energy India. This strategic move empowers us to fully harness the clean energy generated by Ethan Energy India's 10 MW solar plant, reinforcing our dedication to integrating renewable energy sources into our operations. Additional 2.48 MW Solar Plant is expected commissioned by end of the year





Going forward, we aim to reduce our energy intensity by 25%. To achieve this goal, we are implementing process and product efficiency measures, increasing the use of renewable energy at our operating locations, and procuring green energy from the grid. Our energy management strategy is multifaceted, encompassing several key elements:

- **Energy Efficient Lighting-** Across all our facilities, have transitioned to energy-efficient LED lighting, not only lowering energy consumption but also contributing to a more sustainable lighting solution.
- **Renewable Energy Consumption**- To harness renewable energy sources, we've taken the initiative to install solar power panels in Units 1, 3, 6, and our Research & Development (R&D) facility with cumulative capacity of ~1 MW.
- **Efficient Cooling Tower Management-** Incorporating Variable Frequency Drives (VFDs) and temperature controls in cooling tower fans has led to substantial energy savings of 39.6 GJ per year.
- **Efficient Compressors -** Replaced existing compressors with radiator cooling and saved around 853.2 GJ per annum
- By installing movement sensors across the facilities, we have saved 173 GJ of energy

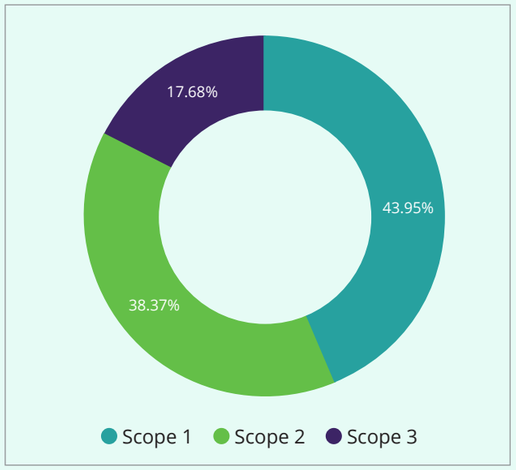
Carbon Footprint Reduction

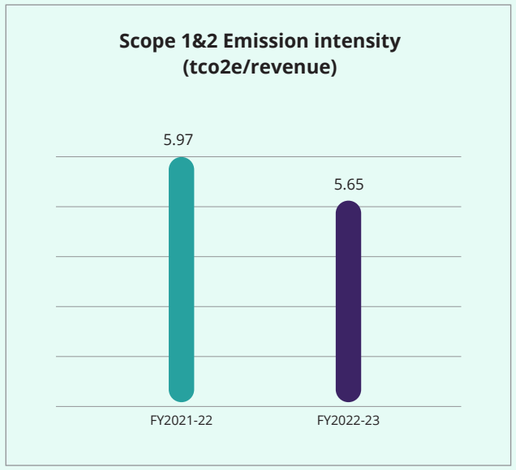
Reducing GHG emissions, particularly CO_2 emissions, is a critical step in mitigating the adverse effects of climate change and limiting global temperature increase. We are taking concrete steps towards decarbonizing our operations and improving our climate performance.

To map our GHG footprint, every year we conduct an extensive GHG inventorisation which is periodically updated to identify emission hotspots, prioritize the emission reduction strategies, and allocate the necessary investments for implementing them. The scope of this exercise includes scope 1 and scope 2 emissions along with scope 3 for 4 categories. Insights generated from the inventorisation have enabled us to adopt a reduction target.

Of our total emissions, scope 1 and scope 2 emissions comprise 44 % and 38.37 % of our GHG footprint respectively. 18% are emitted from our value chain (Scope 3).

Our GHG Footprint (tCo2e)



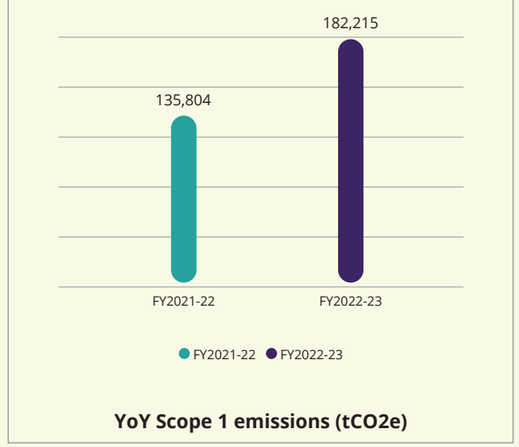


Scope 1 emissions

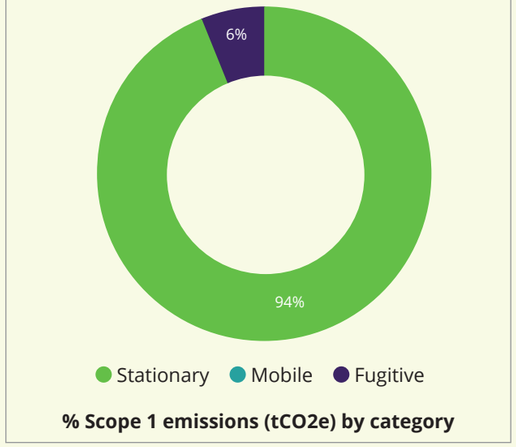
Our Scope 1 emissions encompass several sources, including stationary fuel combustion from coal and diesel, as well as fugitive emissions resulting from the release of refrigerants like R22, HFC 134, R404, R32, and R410A into the atmosphere due to equipment leaks. Over the years, our production capacity of our units has nearly doubled, and our formulation unit has also expanded, leading to an increase in our coal consumption and consequently, a rise in Scope 1 emissions.

To mitigate our emissions and foster a greener footprint, we are committed to embracing cutting-edge technologies and transitioning to cleaner energy sources. This includes a shift towards utilizing solar power and harnessing steam generated through waste heat recovery.

Our journey towards emission reduction commenced with Unit 1, where we have successfully eliminated 100% of our coal usage. In its place, we have implemented a system that leverages steam sourced from neighbouring industries. This steam is then employed on-site for electricity generation and is also supplied to Unit 3 for its energy needs. This initiative marks a significant step in our ongoing efforts to reduce our environmental impact while maintaining operational efficiency.



YoY Scope 1 emissions (tCO2e)



% Scope 1 emissions (tCO2e) by category

Conversion of waste stream to a usable resource

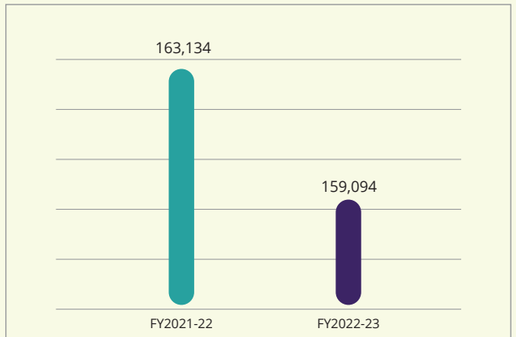
Laurus Labs has taken steps towards utilising surplus steam generated as by product. The company has established a collaborative agreement with neighboring industry, enabling to meet 60% of its steam requirements. To meet the remaining 40%, the company has partnered with another adjacent unit. Importantly, these solutions allowed the company to eliminate the need for boilers in the operations.

This strategic initiative has not only transformed Unit-1 into a coal-free facility but also resulted in impressive annual savings of INR 3.55 crore. This achievement showcases the commitment to environmental responsibility and cost-efficiency.

Scope 2 emissions

Our Scope 2 emissions stem from our electricity procurement, which includes purchases from the grid and third-party sources. In the fiscal year 2022-23, our total Scope 2 emissions amounted to 159,094.5 tCO2e, marking a 2.5% decrease compared to the previous year. This reduction can be attributed to our strategic shift in Unit 3, where we are generating electricity from the steam generated through co-gen boiler and using the same to generate electricity.

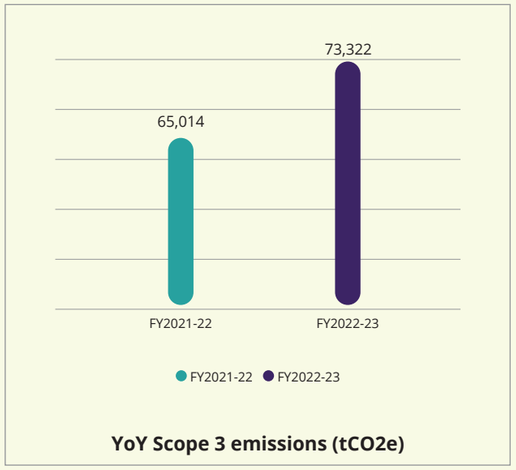
We are committed to further reducing our reliance on grid electricity and are actively transitioning to cleaner, renewable energy sources. As part of this initiative, we've installed solar power systems in Unit 1, 3, 6, and our R&D facility, with a combined capacity of approximately 1MW. We have consumed 7,76,431 kWh of electricity generated from these captive solar plants, marking a 16% increase from the previous year. This increase has allowed us to offset 551.26 tCO2e emissions, demonstrating our dedication to sustainability and environmental responsibility.



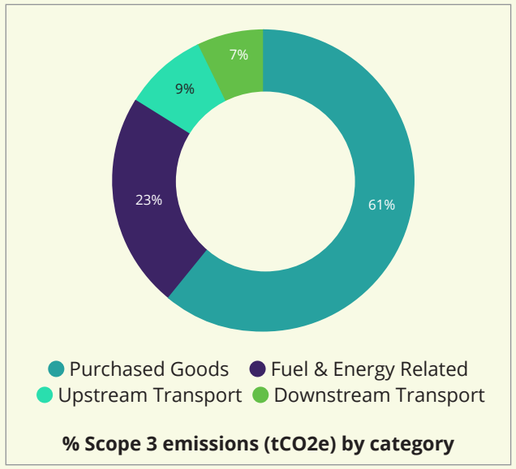
YoY Scope 2 emissions (tCO2e)

Scope 3 emissions

Within our overall GHG footprint, scope 3 emissions contribute 17% which include emissions from purchased goods and services, fuel, and energy (that are beyond scope 1 and 2), upstream and downstream transportation. 61% of our scope 3 emissions are a result of purchased goods and services. Going forward, we aim to employ local vendors to help shorten the distance covered to procure raw materials, that will reduce our emissions from upstream transportation.



YoY Scope 3 emissions (tCO2e)



% Scope 3 emissions (tCO2e) by category

Air Emissions

The emission of air pollutants has far-reaching implications for both public health and the global climate. Our commitment to environmental responsibility drives us to take proactive measures, ensuring strict adherence to all relevant statutory norms and regulations in all the locations we operate.

We have established monitoring systems to track the presence of various pollutants that contribute to air contamination. To align with the revised National Ambient Air Quality Standards (NAAQS 2009), we conduct regular monitoring of particulate matter PM10 (particles with a diameter less than 10 µm), PM2.5 (particles with a diameter less than 2.5 µm), Sulphur Oxides (SOx), and Nitrogen Oxides (NOx) across all our manufacturing and service locations. Data collected is further displayed on and through an electronic digital display board at the gate of our premises.

We have transitioned from traditional backed filters to state-of-the-art electrostatic precipitators in all our units. We have installed online emission monitoring system for boiler stack (>10 on capacity Boilers) at Units 2, 3 and 4. Our facilities are equipped with effective air emission control and each unit has multi-stage scrubbers installed further complemented by real-time pH meters to precisely regulate gaseous emissions.

Climate risk assessment

Recognizing the urgent need to address climate change and its potential risks, to the environment, society, and business operations, we conducted our first physical climate risk assessment last year in alignment with recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). Our assessment involved identifying climate risks and hazards that may affect our operations over the next 30 years. The assessment covered all our facilities in Vizag, seven manufacturing sites, one R&D centre and one corporate office in Hyderabad. Additionally, we included SRIAM in Andhra Pradesh and Laurus Bio Private Limited in Karnataka in our analysis.

Anticipating future emissions and other human-related factors influencing climate change is challenging. To address this uncertainty, we followed the recommendations of the Intergovernmental Panel on Climate Change (IPCC) and utilized a range of scenarios with diverse assumptions concerning future economic, social, technological, and environmental conditions. By employing these scenarios, we could estimate possible ramifications of global climate change. Taking SSP 2-RCP 4.5 as a scenario, several physical risks have been assessed till 2020- 39, 2040-2059 for all our business units. The table below highlights the findings of the assessment:

Unit 1-6	R&D Unit	Laurus Bio Private Ltd (Karnataka)	SRIAM	Laurus Synthesis Private Ltd	Corporate Offices
These business units face the highest risk due to sea level rise and an increase in precipitation from 2020-39 to 2040-2059, potentially leading to excessive floods.	The R&D unit will experience the maximum length of consecutive wet spell days, potentially impacting operations, and infrastructure.	This plant will experience the maximum rise in temperature between 2040-59 (0.93°C). It will also face an increase in the number of hot days, leading to heat waves that can impact occupants' health and infrastructure. The company will have significant water stress by 2060.	SRIAM will experience the largest 5-day cumulative rainfall from 2020-39 to 2040-2059, increasing the risk of flooding. Additionally, it will have a considerable increase in relative humidity by 2060, which may drive up air-conditioning and electricity costs and potentially promote mould growth in buildings.	This company will face a rise in temperature (0.84°C) in 2030-2050, leading to higher energy demand required for cooling and air conditioning	The corporate offices will face the maximum rise in temperature (0.44°C) in 2020-2039, resulting in a higher energy demand. The cooling degree days will be the highest for the corporate offices, indicating increased air-conditioning needs.

As a result, we are developing preliminary adaptation strategies to address these risks. In the coming years, we plan to carry out a detailed techno-feasibility and cost-benefit analysis to determine the implementation feasibility of these measures. This includes investment in renewable energy, green infrastructure and energy efficiency measures that can reduce costs and increase operational efficiency, implementing robust emergency response plans, and engaging with local communities and relevant stakeholders to support climate adaptation.

Water Conservation and Stewardship

Water is a precious and finite resource that is essential for all life forms and ecosystems. It is also a critical input into our manufacturing processes. Recognizing the significance of using water resources judiciously, we are actively working to optimise freshwater consumption and implementing recycling and reuse measures. Through a combination of efficient water usage and recycling, we aim to minimise our water footprint.

1,385,309 KL
of water consumed

21,900 KL
of water recycled through steam condensate treated with RO and mixed bed again taking back to the boiler usage.

Our Water Conservation Initiatives

- Installed an electrolytic water treatment system for cooling tower
- Treatment and recovery of MGF backwash water, which is recycled and reused for horticulture purposes.
- Redirecting and reusing waste steam from the adjacent industries
- Installation of flow restrictors in water lines to washrooms

Enabling a Circular Economy

We place great emphasis on efficient waste management practices and are committed to ensuring that all types of waste are treated and disposed of properly. Our approach to waste management is guided by the 3R principle of 'Reduce Reuse and Recycle. Our waste streams, which include hazardous waste, non-hazardous waste, e-waste, biomedical waste, and others, are inventoried periodically, and are sent to third party for recycling / disposal in compliance with applicable government regulations. Hazardous waste forms 80% of the total waste as compared to 20% non-hazardous waste generated.

35,483
tons of waste generated

27,271
Tons recycled & reused

51%
waste sent for co-processing to cement plants

Hazardous waste

Hazardous waste generated at our sites includes 60% spent solvents, 17% fly ash and 23% other hazardous wastes. We are working with authorized vendors to ensure responsible disposal of waste.

We take our commitment to responsible waste management seriously. That's why we prioritize waste recycling by sending incinerable hazardous waste for Coprocessing that helps us reduce the waste that goes to landfill. This includes spent carbon and organic residue from the manufacturing processes.

In FY 2022-23, we sent 4,514 MT (51%) of hazardous incinerable waste for co-processing, an increase from 4040 MT (32%) in FY 2021-22. Going forward we aim to send 75% of the waste for coprocessing reducing the amount of waste sent for landfilling and disposal.

Non-Hazardous waste

All non-hazardous waste generated at our operations is either recycled or reused. This includes STP sludge, paper, food waste from canteen waste. We have installed biomass compost in our facilities to convert biodegradable waste into organic compost.

Other waste

All other waste including e-waste, plastic waste and bio medical waste is disposed as per regulatory requirements. We comply with the 'Plastic Waste Management Rules' of the Central Pollution Control Board (CPCB), including Extended Producer Responsibility (EPR) for the management of plastic waste.

Enhancing Sustainability through Solvent Recovery

In FY 2022-23, we embarked on a transformative initiative that exemplified our commitment to sustainability and resource optimization. This initiative revolved around the recovery of solvents from aqueous layers, a departure from their previous disposal as High Total Dissolved Solids (HTDS) effluent to a Common Effluent Treatment Plant. Recognizing the untapped potential for solvent recovery, we proactively initiated the distinct collection of specific aqueous layers containing solvents like NMP, DMSO, and DPHP. This strategic move marked a significant step in aligning our practices with our sustainability goals.

To ensure the success of this endeavour, we partnered with authorized recovery agencies equipped with specialised infrastructure designed for extracting the identified solvents from the aqueous layers. By embracing solvent recovery, we achieved a notable reduction in the generation of effluents originating from the targeted sources. In the fiscal year 2022-2023, approximately 1500 KL of wastewater was repurposed, channelled into the solvent/material recovery process.

Biodiversity Conservation

Embracing the significance of biodiversity for ecosystems and human well-being, we stand committed to proactive biodiversity management across our facilities. Our operations adhere closely to applicable laws, regulations, and guidelines for biodiversity conservation, reflecting our responsible corporate ethos. By intertwining sustainable practices with biodiversity considerations in our decision-making, we seek to minimize adverse impacts and amplify positive outcomes.

Awareness Initiatives

We foster a culture of biodiversity preservation among our workforce through targeted awareness endeavors:

- **Significant Celebrations:** Notable environmental milestones like World Environment Day, World Ozone Day, and Biodiversity Day are commemorated. These occasions serve as platforms for knowledge-sharing, workshops, and engagement activities that underscore the essence of biodiversity preservation.
- **Collaborative Actions:** Collaborating with the Andhra Pradesh Pollution Control Board (APPCB), we conduct various campaigns such as - Beach clean-ups, bicycle rallies, and tree planting initiatives align with our commitment to spreading awareness about biodiversity preservation and environmental consciousness.

Plantation Drives

We actively contribute to a greener environment and enriched biodiversity through focused tree planting:

- **In-House Plantations:** Around 1250 trees have been planted within our premises, beautifying surroundings, and fostering habitats for a diverse range of flora and fauna.
- **"Green Visakha" Partnership:** In alliance with the Andhra Pradesh Government, we partake in the "Green Visakha" initiative. Our participation extends to planting over 30,000 trees, a substantial stride toward enhancing regional environmental sustainability.

Our dedication to biodiversity management resonates in both our mindful actions and collective engagement, fortifying a sustainable path for our business and the environment.

Product Sustainability

This year, we completed LCA studies of two products by an independent external agency using professional software for LCA modelling. A cradle to-gate assessment was done for Curcumin and Resveratrol.

The assessment included the entire product lifecycle and emissions were included from raw material production (cradle) to the gate (until the stage at which the product is ready for use before it is transported.

Creating Purposeful Partnerships

The core of our growth and success lies in the connections we forge with our stakeholders—be it suppliers, customers, partners, or communities. We believe that we are an integral part of the environment we function within, and our collective progress is interdependent.

Recognizing our role as a responsible enterprise, we deeply value the importance of fostering shared economic and social prosperity among our stakeholders. Our identity is shaped by the collective influence of our stakeholders, who play an instrumental role in shaping our trajectory. Their invaluable insights serve as our compass, guiding us through challenges, uncovering new avenues, and laying the groundwork for a more comprehensive and sustainable future. Through continuous dialogue with our stakeholders, we ensure that we keep pace with their evolving interests, grasp their expectations and effectively respond to their evolving needs.

INR 18.59 crores
CSR spent on serving
5000+
families

3,278 suppliers
across the globe

INR 1,674 crores
revenue from domestic customers

Community Engagement

The key to achieving unrivalled success in any business is dependent on its ability to make a positive impact on the wider community. Over the years, our commitment to social responsibility has been evident. Through the promotion of positive social and environmental outcomes, we actively work towards the cultivation of social equity and inclusive growth in the communities where we conduct business.

Governance Mechanism

Our approach to social responsibility and community development is embodied in our Corporate Social Responsibility (CSR) policy. We strongly believe that local communities are critical stakeholders in our success. All our CSR projects are designed and implemented in line with our CSR policy, in accordance with Section 135 of the Companies Act, 2013. Our programmes are driven directly by the Laurus Charitable Trust along with experienced implementation partners.

The CSR Committee oversees and monitors the activities and ensures its effectiveness and transparency. The committee ensures that our CSR efforts align with our core values, business objectives, and the needs of the communities we serve. The committee holds the responsibility of program development, expenditure review, implementation, and timely completion. It ensures that the board is updated with the progress of CSR initiatives and its impact.

Key Areas of Intervention

At Laurus Labs, we believe in making a positive impact on the communities we serve and operate in. As a result, our Corporate Social Responsibility (CSR) philosophy reflects this commitment.

We focus on interventions in key areas that we believe will uplift the communities we operate in These areas are bucketed into four themes, Education, Healthcare, Sustainability and Sports. these are further supplemented by other needs-based interventions.

Through our dedication to Education, we aim to provide individuals with the tools and expertise they need to succeed and thrive. Our Healthcare initiatives focus on promoting the overall welfare of communities by ensuring access to critical medical services and advocating for proactive healthcare methods. Our Environmental initiatives encompass the adoption of the judicious use of resources, and resolute efforts to curtail our ecological impact. Through initiatives in Sports infrastructure, we are building a sports ecosystem and nurturing future champions.

We interact regularly with NGOs, local leaders, and community representatives through formal and informal channels to apprise them of our activities and at the same time to find out how we can contribute better to the welfare of the community.

Key Areas of Intervention

7.4	4.62	6.47	0.1
Education	**Healthcare**	**Environment**	**Sports**

Investment (INR Crores)

Education

Our unwavering commitment to education aligns with the United Nations Sustainable Development Goal for promoting quality education. We focus on upgrading education facilities that are child, disability, and gender sensitive and provide safe, nonviolent, inclusive, and effective learning environments for all.

We support students at various universities, including Gitam University, where we sponsor an integrated M.Sc. program. In addition to that, we have MoUs with other universities where we provide stipends to deserving students. We also believe in supporting school teachers' salaries and have developed programs at institutions like Gitam University and Krishna University where this is done. Further, we are actively participating in transformative projects like Connect to Andhra and school modifications in Moguluru. Under the Connect Andhra program we have adopted schools and we aim to develop these schools with better infrastructure facilities. We have also contributed INR 10 lakhs to the VVS foundation, an NGO by the legendary Indian cricket player Mr. VVS Laxman & his wife Mrs. Shailaja Laxman, to support their mission focused on supporting talented and poor background students who cannot afford for quality Education. Our goal is to foster an environment where education thrives, and bright futures are nurtured.

Case Study: Science on Wheels

We run an innovative science-on-wheels programme to inculcate an early interest in science among school children. “Science on wheels” is a mobile laboratory with equipment to teach children science in a fun way through experiments, which is one of our outside-the-classroom activities. In and around Visakhapatnam, we regularly hold science fairs for children in government schools. For this initiative, approximately 12 schools with a total enrollment of 3,249 kids have been identified. Students in grades VI are taught by qualified instructors in the mobile van with the assistance of live models.

Case Study: Our contribution to the Nadu-Nedu Programme

Over the last decade, there has been a significant reduction in school dropouts in Andhra Pradesh. Nadu Nedu" program is a flagship initiative of the Government of Andhra Pradesh, India, aimed at reducing the school dropouts. The program focuses on revamping and modernizing school infrastructure to create conducive and learner-friendly environments. We have donated INR 4 crores to the programme that can be used by the schools for infrastructure development

Healthcare

In line with the SDG of good health and well-being, we are dedicated to addressing prevalent diseases and global health challenges. Our efforts extend to therapeutic areas such as HIV/AIDS, oncology, hepatitis, cardiovascular diseases, and more. By providing effective treatments we strive to reduce the burden of illness and improve the quality of life for patients worldwide.

During the year, we have supported organisations such as Sparsh Hospice Centre, Mohan Foundation, Thalassemia Transfusion Centre for Red Cross Society India, Hyderabad Eye Institute, Lions Cancer Hospital, and Society for Aid Hearing. We have donated INR 1.2 crores to Sparsh Hospice Centre, this contribution is aimed to support palliative care for terminally ill cancer patients reflecting and improving the lives of those in need under their vision to provide exceptional palliative care services, free of cost, to terminally ill patients hailing from all sections of the society. We donated INR 25 lakhs to Lions Cancer and General Hospital for acquiring medical equipment and building an OPD block at L V Prasad Eye Institute.

Case Study: Creating awareness on Organ Donation

We aim to play a vital role in spreading the awareness about the importance of Organ donation and contributing to the betterment of Society. We donated INR 25 lakhs to the Mohan Foundation to promote Public Education and Awareness on Organ donation. We are supporting the overarching mission of MOHAN Foundation Transforming Lives through Organ Transplants and ensuring that every Indian suffering from end-stage organ failure is provided with the precious "gift of life" through life-saving organ transplants.

Case Study: Supporting people with Thalassemia

Care is one of the Core values of Laurus Labs and Laurus Labs live that value in spirit. Thalassemia is an inherited blood disorder where the haemoglobin levels are very low with Common symptoms, fatigue, distress on walking and fever. There are two forms: mild and severe, in severe form transmission is required once in every month. There is no cure for this blood disorder except for transfusion of blood. There are nearly 10 lakhs children born with this disorder every year in India. We have donated INR 20 lakhs to set up this transmission center which has 10 beds where it can transfuse for 10 patients at a time. Through this programme we have served more than 6000 children so far in Visakhapatnam.

Environment Sustainability

We have partnered with organizations such as International Crops Research Institute for SemiArid Tropics (ICRISAT), Tirumala Tirupati Devasthanam (TTD) Gardens, and the People for Animals Welfare Association.

Through these partnerships, we have undertaken a series of ambitious initiatives aimed at safeguarding the delicate balance of nature. Our sponsorship was used to renovate the TTD gardens which was utilized for 16 feet new idol of Lord Krishna, water fountain with mist, 20ft Marble Namam with Shanku and Chakram, 20ft Srivari Holy Padalu with embedded with white rose flowers, 40ft lotus pond, three sets of scared Gaumatha & calves idols were installed in the newly inaugurated central garden at Tirumala, which can be viewed from the galleries enroute to Srivari Darshanam. We contributed INR 2.25 crores to the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) which focuses on developing innovative solutions for agriculture in semi-arid regions which are often vulnerable to climate change and food security issues. Our donation is set to create a substantial impact on ICRISAT's ongoing research and Initiatives. This fund will assist them to drive agricultural research, enhance food security and Promote sustainable Livelihoods.

From innovative manufacturing processes that reduce our ecological footprint to responsible waste management practices, we continually seek opportunities to minimize our environmental impact and foster a culture of environmental stewardship among our employees and partners.

Safety

To address the issue of overcharging tourists by auto and cab drivers, the Andhra Pradesh government took a proactive step by launching kiosks and deploying police patrolling vehicles, including beach patrols, at RK Beach. We provided two beach patrolling vehicles that helped the government monitor any incidences. The recently established kiosk, managed by well-trained personnel, serves as an integrated platform to assist tourists with grievances and ensure swift resolutions. This initiative reflects a collaborative effort to enhance the tourism experience while fostering responsible corporate citizenship.

Employee Volunteering

Throughout the year, our Environment, Health, and Safety (EHS) team actively participated in a diverse range of projects, all driven by a shared passion for creating positive change and leaving a lasting impact on society.

Among our prominent community volunteering works is the "Life for Environment Cycle Ride," where our employees take to the roads on bicycles, not just to promote eco-friendly transportation, but also to raise awareness about environmental conservation. This powerful initiative reflects our profound concern for the planet and our collective efforts to protect its natural beauty.

In celebration of festivals, we proactively promote eco-friendly practices. During Ganesh Chaturthi, we distribute eco-friendly Ganesh idols to encourage sustainable celebrations that respect nature. This small yet meaningful gesture underscores our dedication to preserving cultural traditions while remaining environmentally conscious.

Laurus Spandana

Laurus Spandana, a dedicated group within our organization, exemplifies the spirit of compassion and altruism. Through this group, we extend a helping hand to the needy and deprived members of society, supporting them in times of distress and adversity. Whether it's providing aid during natural disasters, offering educational support, or assisting in healthcare initiatives, Laurus Spandana embodies the very essence of our social responsibility. Our employees have volunteered in these drives.

Accessibility and Affordability

A staggering two billion individuals find themselves grappling with the challenge of limited access to quality medical resources and essential healthcare services. This glaring inequality underscores an imperative, a call for concerted endeavors to bridge the divide and bring forth a paradigm shift.

Hence, Laurus Labs is working towards contributing to improving accessibility and affordability of medicines. Central to our mission is the facilitation of accessible and affordable pathways to crucial medicines. We direct our focus on those segments of society that are underserved and marginalized, acutely bearing the brunt of this disparity.

Through this, we aspire to cultivate an environment wherein the most vulnerable strata of society can access the healthcare resources they deserve.

Access to quality healthcare

Pediatric Human Immunodeficiency Virus (HIV) treatment plays a pivotal role in the global endeavor to combat the HIV/AIDS epidemic. While substantial strides have been achieved in treating HIV among adults, addressing pediatric HIV introduces distinct challenges and intricacies

By collaborating with Unitaid and CHAI, we aim to make DRV/r, a much-needed drug accessible to Children Living with HIV/AIDS (CLHIV) in second- and third-line treatment scenarios, especially after experiencing failure on DTG-based regimens. This collaborative effort underscores our commitment to providing high-quality, robust treatment options for pediatric HIV patients, ultimately improving their health outcomes, and ensuring that they have access to life-saving medications.

Making affordable drugs

We provide medications which give hope to countless individuals who may have once believed that rare diseases were untreatable. We have introduced two essential medications to our portfolio for treating rare diseases: Wilson and Tyrosinemia. Wilson's disease, also known as hepatolenticular degeneration, is a rare genetic disorder characterized by the accumulation of copper in various organs, primarily the liver and brain. This condition is caused by mutations in the ATP7B gene, which leads to impaired copper transport and metabolism. While there are other medications available we came up with an affordable option, Trientine. Trientine is indicated for the treatment of Wilson's disease when penicillamine cannot be tolerated or is ineffective. It serves as an alternative chelator to penicillamine. Trientine is also used as maintenance therapy after initial copper elimination with other chelating agents to prevent further copper buildup.

The price of Trientine by the innovator company is around **$20,000** (INR 1,634,400) a month but Laurus has launched the drug at **INR 20,000** per month.

Similarly, Nitisinone provides a solution for the treatment and management of tyrosinemia type 1, a metabolic disorder that can lead to liver failure due to the body's inability to process the amino acid tyrosine. These innovative treatments are particularly significant as they target conditions that predominantly impact children.

Responsible Supply Chain Management

We are deeply committed to maintaining a strong supply chain management system that ensures a consistent supply of high-quality healthcare products to our consumers. We prioritize labor rights, human rights, employee well-being, and environmental sustainability when establishing trustworthy partnerships and implementing responsible sourcing practices across our global supplier network. This approach not only mitigates risks but also guarantees uninterrupted supply of our products.

At the core of our responsible supply chain management efforts lie two fundamental pillars: the Sustainable Procurement Policy and Supplier Code of Conduct. Through the Procurement Policy, we align our suppliers with our Environmental, Social, and Governance (ESG) goals, ensuring that they share our commitment to responsible practices. On the other hand, the Code of Conduct holds ourselves and our partners accountable for upholding ethical standards. Both policies apply to our suppliers, distributors, and technology partners.

Our Suppliers

Our array of suppliers and service providers spans from Key Starting Materials (KSM), Key Ingredients (KM), Packaging, Capital and utility equipment, Contract personnel, to Design Consultancy, and Logistics. About 50% of our requirement is met by local suppliers in India and the remaining 50% includes China- 40% and 10% Rest of World. In India, the majority of suppliers are based out of Gujarat, Maharashtra, Andhra Pradesh & Telangana. 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.

INR 770 crores
Engineering and CAPEX Spent

INR 2115 crores
Raw materials Spent,

80%
of these assessed on ESG risks

1,558
Tier 1 suppliers assessed as per raw materials spent

1,015
critical tier 1 raw materials suppliers as per spent

Supplier Engagement

At the heart of our accomplishments lie robust vendor management systems and processes, which facilitate ongoing and multi-tiered engagement. By regularly engaging with our suppliers, we help them to improve the social and environmental impact of the materials and services they offer. Our approach to engaging with key suppliers involves a proactive effort led by our CEO, who maintains regular and meaningful interactions with them. Through consistent supplier reviews and meetings, we are fostering a strong sense of alignment, particularly concerning our Environment, Health, and Safety (EHS) initiatives.

Moreover, we leverage global pharmaceutical events, seminars, and symposiums as dynamic platforms for engaging with our vendor network. These occasions provide us with a valuable opportunity to articulate our specific needs and carefully assess the ways in which their offerings contribute to our success. By actively participating in these events, we ensure that our collaborations with suppliers remain not only relevant but also mutually beneficial.

Our dedicated Supply chain and procurement team plays a pivotal role in engaging with suppliers worldwide. They focus on optimizing procurement formulations and contract manufacturing through centres of excellence.

100% of our procurement team is trained on various aspects of sustainable procurement guidelines

Supplier Assessment and Development Program

We are aware of the importance of associating with responsible suppliers and to this end, we have taken standard operating procedures in place to screen new suppliers on their capacity, quality and ESG criteria at the time of onboarding. This is captured in the sustainable supply chain questionnaire through which we assess and align our suppliers with core values as they sign up to foster a culture of honesty, accountability, and integrity. Our critical tier 1 suppliers are further assessed based on vendor audits.

To ensure a thorough evaluation of our critical suppliers, we conduct QA audits to assess vendors quality practices. Over the past few years, the subject activity has moved to offshore audits due to pandemic. We follow a four-step process to ensure supplier sustainability in the supply chain.

Supplier Awareness

Supplier code of conduct sets standards on Quality. Environment, Health. Safetu. Labour. Ethics and Management systems are made available to supplierswhich needs to be replicated by the suppliers

Supplier Nomination

Supplier are selected strategically for the subject evaluation based on business risk

Supplier Performance evaluation

Selected suppliers are reviewed by a questionaire and during the course of Laurus quality audits

Supplier Development

Audit results are analysed and documented and plan for improvement is worked out with suppliers to improve their compliance

In the past year, **80%** raw materials suppliers in India have been screened on environmental, social and governance criteria.

Beyond the initial screening phase, our suppliers undergo comprehensive annual assessments covering a range of performance dimensions. These evaluations are designed with the core objective of safeguarding the long-term viability of the business and its social license to operate. Furthermore, we actively promote the embrace of our Supplier Code of Conduct (COBC) among our suppliers. This code establishes a stringent benchmark for ethical business conduct, reflecting our unwavering commitment to principled practices including human rights that extends throughout our operations and along our entire value chain. Embedded within supplier contracts are clauses that empower us to terminate agreements should any supplier actions run counter to our deeply held commitment to human rights. This pivotal measure underscores our resolute stance in safeguarding these fundamental rights and values.

Fostering relationships with customers

Our customer spectrum spans government agencies, multinational pharmaceutical giants, pharmacy chains, and hospitals across numerous markets. Our pride lies in our advanced R&D, product development, supply chain, and manufacturing capabilities. These facets enable us to deliver a diverse range of high-quality products worldwide. Our commitment to excellence and innovation positions us as an attractive partner for pharmaceutical companies seeking reliable and cost-effective manufacturing solutions.

Our offerings encompass manufacturing oral solid formulations, providing CRAMS and CDMO services to global pharmaceutical players. Experienced sales and marketing teams drive the promotion, sale, and distribution of our products in global markets. While expanding our product portfolio and fostering enduring bonds with key pharmaceutical players, we remain committed to ethical and sustainable product marketing. Our focus on cost-effective healthcare solutions and technological prowess further reinforces these partnerships.

Our customers

We have a global presence, serving 200+ clients across 62 countries. Our APIs are trusted by the top 90% of generic pharmaceutical giants. Upholding stringent safety and quality standards, we embrace the philosophy of 'One Quality System for All Markets'. This ensures consistent quality, efficiency, and product safety. Through uniform manufacturing standards across facilities, we deliver standardized quality worldwide. Our robust Good Manufacturing Practices span all manufacturing units, seamlessly integrating supply chain to delivery. This simplifies meeting diverse statutory quality requirements.

Among our extensive clientele, we are preferred by 6 of the top 10 innovator companies and 9 of the top 10 generic companies in the US, Europe, China, and Southeast Asia. Long-term bonds with pharmaceutical multinationals have significantly fuelled our growth. This broad reach is a testament to the trust and confidence placed in Laurus Labs by leading pharmaceutical MNCs. Our ability to cater to the diverse needs of both innovator and generic companies showcases our versatility and adaptability in serving different segments of the industry.

Our commitment to cost leadership and quality leadership has been instrumental in retaining the top seven customers consistently over the past five years, contributing more than 65% of our total revenue

Customer Engagement

Leveraging compliant cGMP facilities and strong chemistry expertise, we enable customers to contract us for API and intermediate development and manufacturing. Our reputation as a preferred CRAM partner is underpinned by stringent quality and EHS systems, a broad operability range (from grams to multi-ton), adept project management, and extensive contract manufacturing experience. With a track record of success, we deliver end to end API solutions worldwide. These solutions consistently meet quality, regulatory, IP requisites, and cost objectives.

A cornerstone of our engagement strategy is customer audits conducted at our facilities. Customer representatives visit facilities to audit with respect to quality, safety, and compliance. Their valuable feedback drives improvements. Noteworthy customers like Aspen, Aurobindo, KRKA, Macleods, Merck, Mylan, Pfizer, among others, have visited and audited our facilities in the past financial year.

During the year, we have completed **150** customer audits and **10** site audits by international health authorities including USFDA, WHO Geneva, and ANVISA Brazil. Our customers also benefit from our one-quality-for-all-markets approach.

Government and Regulators

As a responsible pharmaceutical company, we follow the law of the land. Engaging with the lawmakers of the country, statutory bodies and industry regulators is a key aspect of conducting a sustainable business. We must keep abreast of the current and imminent change in policies, as well as apprise them on our compliance to local laws, statutes, and regulatory requirements.

Global regulatory bodies like the USFDA, WHO, European agencies etc. conduct periodic audits of our facilities and their observations are given paramount importance and compliance is ensured. To better comply with all the applicable laws, we use software to help us keep track of local and global regulations.

Unit-wise KPIs

	Key performance indicators	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6	Unit R&D	Total
Energy Consumed (Values in GJ)	Non-renewable	210,652.77	490,241	1,171,162	839,314	80,415	67,000.95	28,182.50	2,886,968.61
	Renewable	121,798.48	0	1063.5	0	0	0	652	123,514
GHG Emissions									
(Values in tCO2)	Scope 1	4545	23166.2	102112.9	46851.2	3219.1	1176.7	1144	182,215
	Scope 2	39196.40	30581.71	41266.16	23938.86	7326.15	11381.23	5404	159,094.41
	Scope 3								73,322
Water (Values in m3)	Consumption	229617	168565	576583	205031	46405.8	54054	35105	1385309
	Withdrawal	259501	169736	576583	270223	47892	25849	35525	1,385,309
	Discharged	183887	27905	210208	14380	19562.2	16420	8490	480852.2
Hazardous waste (Values in tons)	Recycled/reused	4545	173.42	5709.246	5604.47	2448.585	2231.57	6	20719.18
	Generated	6093	387.8	7884.7	7468.9	2657.5	5028.24	10.4	35483
Materials (tonnes/annum)	Total Recycled Input material	36336.8	0.003	56610.25	19559.62	0	6106.15	0	118612.8
	Raw Materials used	0	14594	66312	31769.1	1607	99	1.37	114382.47
	Associated Materials used	7.81	1.68	465.40	1.97	260	2.18	3.37	742.42
	Semi-manufactured Materials used	50824	3517	37699.12	23604.34	3390	10,105.80	20.12	129160.3
	Packaging Materials used	325	3321	438.40	104.06	4.3	27.27	5.5	4225.5
Air Emissions (PPM)	Particulate Matter	0.029	57.46	30	37.4	2.62	0.18	0.042	127,728
	SO2	0	221.61	221	186.63	1.53	0	0.021	630.7
	NOx	0.511	68.70	67	73.45	3.5	0.75	0.042	213.9
	Others (Including Hazardous Air Emissions, POP, and VOC)	205	64.94	0	69	83	41.8	0	463.7
Workplace safety	Fatality	0	0	5	0	0	0	0	5
	Near miss incidents	9	3	10	9	0	0	0	31
	Absenteeism rate	0	0	0	0	0	0	0	0
	LTIFR	0	0	0.23	0	0	0	0	0.23
Ethics and Compliance (No.)	Complaints received	0	0	0	0	0	0	0	0
	Grievances reported	0	0	0	0	0	0	0	0
	Whistle blower cases	0	0	0	0	0	0	0	0
	Corruption cases	0	0	0	0	0	0	0	0
	Bribery Cases	0	0	0	0	0	0	0	0
	IT related incidents/ Data breach	0	0	0	0	0	0	0	0
	PoSH related complaints	0	0	0	0	0	0	0	0
	Human rights violations	0	0	0	0	0	0	0	0
Workforce	Permanent Employee Count	1079	1107	1162	652	219	374	946	5539
	Temporary Workforce	969	895	1626	713	212	352	156	4923

GRI Index

Statement of Use	Laurus Labs Limited has reported the information cited in this GRI content index for the period 1st April 2022 to 31st March 2023 with reference to the GRI Standards
GRI 1 used	Foundation 2021

GRI Standard Number	Disclosure number	Description	Section/Subsection Title	Page No./ Explanation
General Disclosures				
GRI 2 - General disclosures	2-1	Organizational details	About Laurus	8
	2-2	Entities included in the organization's sustainability reporting	About the report	4
	2-3	Reporting period, frequency and contact point	About the report	4
	2-5	External assurance	About the report	4
	2-6	Activities, value chain and other business relationships	About the report	4
	2-7	Employees	Our People Strength, ESG Databook	56
	2-8	Workers who are not employees	Our People Strength	56
	2-9	Governance structure and composition	Ethical Governance	21
	2-10	Nomination and selection of the highest governance body	Ethical Governance	21
	2-11	Chair of the highest governance body	Ethical Governance	22,23
	2-12	Role of the highest governance body in overseeing the management of impacts	Ethical Governance	22,23
	2-13	Delegation of responsibility for managing impacts	Ethical Governance	22,23
	2-14	Role of the highest governance body in sustainability reporting	Ethical Governance	24
	2-15	Conflicts of interest	Ethical Governance	24
	2-16	Communication of critical concerns	Ethical Governance	24
	2-17	Collective knowledge of the highest governance body	Ethical Governance	24
	2-18	Evaluation of the performance of the highest governance body	Ethical Governance	24
	2-19	Remuneration policies	Annual report	84
	2-20	Process to determine remuneration	Annual report	84
	2-21	Annual total compensation ratio	Annual report	84
	2-22	Statement on sustainable development strategy	Sustainability Strategy	13
	2-23	Policy commitments	Business Ethics and Integrity	24,25
	2-24	Embedding policy commitments	Business Ethics and Integrity	24,25
	2-28	Membership associations	Annual Report	48, 70
	2-29	Approach to stakeholder engagement	Our approach to materiality	13
GRI 3: Material Topics	3-1	Process to determine material topics	Our approach to materiality	13
	3-2	List of material topics	Our approach to materiality	13
	3-3	Management of material topics	Our approach to materiality	13

GRI Standard Number	Disclosure number	Description	Section/Subsection Title	Page No./ Explanation
GRI 200 Economic Standard Series				
GRI 201 - Economic performance	201-1	Direct economic value generated and distributed	Annual Report	216
	201-2	Financial implications and other risks and opportunities due to climate change	Our integrated approach to Risk Management	27
	201-3	Defined benefit plan obligations and other retirement plans	Annual Report	164
GRI 205: Anti Corruption	205-3	Confirmed incidents of corruption and actions taken	Business Ethics and Integrity	25
GRI 300 Environmental Standards Series				
GRI 301 - Materials	301-1	Materials used by weight and volume	ESG Databook	5
GRI 302 - Energy	302-1	Energy consumption within the organization	ESG Databook, Energy Management	67
	302-3	Energy intensity	Energy Management	67
	302-4	Reduction of energy consumption	Energy Management	67
GRI 303 - Water and Effluents	303-2	Management of water discharge-related impacts	Water Conservation and Stewardship	71
	303-3	Total water withdrawal by source	Water Conservation and Stewardship	71
	303-4	Water discharge	Water Conservation and Stewardship	71
	303-5	Water consumption	Water Conservation and Stewardship	71
GRI 305 - Emissions	305-1	Direct (Scope 1) GHG emissions	Scope 1 emissions	68
	305-2	Energy indirect (Scope 2) GHG emissions	Scope 2 emissions	69
	305-3	Other indirect (Scope 3) GHG emissions)	Scope 3 emissions	70
	305-4	GHG emissions intensity	ESG Databook	3
	305-5	Reduction of GHG emissions	Carbon Footprint Reduction	68
	305-6	Emissions of ozone-depleting substances (ODS)	ESG Databook	5
	305-7	Nitrogen Oxides (NOX), Sulphur Oxides (SOX), and other significant air emissions	ESG Databook	5
GRI 306 - Waste	306-1	Waste generation and significant waste related impacts	Enabling a Circular Economy, ESG Databook	72
	306-2	Management of significant waste-related impact	Enabling a Circular Economy, ESG Databook	72
	306-3	Waste generated	Enabling a Circular Economy, ESG Databook	72
	306-4	Waste diverted from disposal	Enabling a Circular Economy, ESG Databook	72
	306-5	Waste directed to disposal	Enabling a Circular Economy, ESG Databook	72

GRI Standard Number	Disclosure number	Description	Section/Subsection Title	Page No./ Explanation
GRI 400 Social Standards Series				
GRI 401 Employment	401-1	New employee hires and employee turnover	ESG Databook	6
	401-2	Benefits provided to full-time employees	ESG Databook	6
	401-3	Parental leave	ESG Databook	6
GRI 403 - Occupational health and safety	403-1	Occupational health and safety management system	Health and Safety Governance	60
	403-2	Hazard identification, risk assessment, and incident investigation	Hazard Identification and Risk Management Incident Management and Investigation	61
	403-3	Occupational health and services	Health and Safety Governance	60
	403-4	Worker participation, consultation and communication on occupational health and safety	Promoting Employee Wellbeing	60, 61
	403-5	Worker training on occupational health and safety	Health and Safety Training	60
	403-6	Promotion of worker health	Promoting Employee Wellbeing	60, 61
	403-8	Workers covered by an occupational health and safety management system	Promoting Employee Wellbeing	60, 61
	403-9	Work-related injuries	ESG Databook	8
	403-10	Work-related health	ESG Databook	8
GRI 404- Training and education	404-1	Average hours of training per year per employee	Continuous Learning and Upskilling	58
	404-2	Programs for upgrading employee skills and transition assistance programs	Continuous Learning and Upskilling	58
	403-3	Percentage of employees receiving regular performance and career development reviews	Managing Performance Transparently	59
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Our People Strength	56
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	ESG Databook	14
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labour	Respecting Human Rights	25
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Respecting Human Rights	25
GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	Unit-wise KPIs	86, 87
GRI 412: Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	Respecting Human Rights Human right and Fair Labour Practices	25, 63
	412-2	Employee training on human rights policies and procedures	Respecting Human Rights Human right and Fair Labour Practices	25, 63
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Respecting Human Rights Human right and Fair Labour Practices	25, 63
GRI 413- Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement	76
	413-2	Operations with significant actual and potential negative impacts on local communities	Community Engagement	76
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Supplier Assessment and Development Program	83
	414-2	Negative social impacts in the supply chain and actions taken	Responsible Supply Chain Management	81
GRI 415: Public Policy	415-1	Political contributions	ESG Databook	13
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	Fostering relationships with customers	83
	417-2	Incidents of non-compliance concerning product and service information and labeling	Fostering relationships with customers	83
	417-3	Incidents of non-compliance concerning marketing communications	Fostering relationships with customers	83
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Databook	14
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	ESG Databook	14

Independent Assurance Statement

To ,

The Management
Laurus Labs Limited, 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, 2022 to March 31, 2023 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 2 - General disclosures

GRI 3 - Material Topics

GRI 201 - Economic Performance

GRI 202 - Market Presence

GRI 203 - Indirect Economic Impacts

GRI 204 - Procurement Practices

GRI 205 - Anti Corruption

GRI 206 - Anticompetitive Behaviour G

RI 301 – Materials

GRI 302 – Energy

GRI 303 - Water and Effluents

GRI 305 – Emissions

GRI 306 – Waste

GRI 307 - Environmental Compliance

GRI 308 - Supplier Environmental Assessment

GRI 401 - Employment

GRI 402 - Labour Management Relations

GRI 403 - Occupational health and safety

GRI 404 - Training and education

GRI 405 - Diversity and Equal Opportunity

GRI 406 - Non-discrimination

GRI 407 - Freedom of Association and Collective Bargaining

GRI 408 - Child Labour

GRI 409 - Forced or Compulsory Labour

GRI 410 - Security Practices

GRI 411 - Rights of Indigenous Peoples

GRI 412 - Human Rights Assessment

GRI 413 - Local communities

GRI 414 - Supplier Social Assessment

CIN – U74140KA1997PTC022121

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Provides Certification Process for ISO 9001 / 14001/ISO45001/ISO27001/50001/22000?15378/13485/AS 9100/TS 16949 Standards

GRI 415 - Public Policy

GRI 416 - Customer Health and Safety

GRI 417 - Marketing and Labelling

GRI 418 - Customer Privacy

GRI 419 - Socioeconomic Compliance

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). Onsite verification was conducted in May 2023. 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 go for social compliance audit across its facilities to create better impact
- A standard procedure may developed for the external issues reporting apart from whistle blower policy
- As LLL is reporting scope 3 emissions only 4 category may look for other too
- LLL develop the digital tool for data recording and reporting
- LLL can go for Life Cycle Assessment study from external agency to improve the environmental betterment

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)

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Admin. Office: Bangalore, Head Quarters: Dunstable, U.K.
Provides Certification Process for ISO 9001 / 14001/ISO45001/ISO27001/50001/22000/15378/13485/AS 9100/TS 16949 Standards

• **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.

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

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

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