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# ENHANCING CAPABILITIES ENSURING FUTURE

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Laurus Labs Limited  
Annual Report 2022 - 23







**Disclaimer:** Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes. Some of the images used in this report are purely for illustrative purposes only and hence they are not the photos/ images of our facilities, products or of any such nature/kind .



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# ABOUT THE REPORT

The Annual Report of Laurus Labs Limited, henceforth referred to as Laurus Labs, covers all the financial, non-financial, operational and social activities of the Company. The Report defines the organisational objectives and strategies, the business model and the subsequent value creation process, material issues, risk management and the opportunity landscape.

As a Company, Laurus Labs is committed to transparently disclosing information beyond the statutory norms, in order to facilitate informed decision making by its stakeholders, based on the evaluation of its performance. It is also ensured that comprehensive yet concise information is communicated to all the stakeholders.

The Report identifies and conveys the sustainable value creation by Laurus Labs in the short, medium and long-term along with the factors influencing it. The content of the report has been developed with a focus on Profiling (who, what, where), Reporting (numbers and events), Analysing (review of strategies and outcomes) and Disclosing (ESG) – which the company considers as the four pillars of reporting essentials.

The report includes Business Responsibility and Sustainability Report (BRSR) for compliance and communication. The BRSR template helps the Company be accountable for the identification of ESG responsibilities and their transparent inclusion in annual reports. The BRSR also helps create a linkage between the operational and ESG performance of the company.

## Boundary and Scope of Reporting

The report has included voluntary management narratives on the company's business, strategy and performance along with the mandatory board's report and financial statements.

Items included in Business Responsibility and Sustainability Report (BRSR) are linked to Global Reporting Initiatives (GRI). Laurus Labs publishes its Report annually. This Report is the 18th Annual Report of the Company and considers the reporting

period from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023. All financial and non-financial information presented herein represents consolidated figures of the Company, unless otherwise stated.

## Responsibility Statement

The Board firmly believes that this report is a fair representation of the Company's financial, non-financial, sustainability and operational performance and addresses all material topics relevant to the Company for FY 2022-23. The Board acknowledges that the contents of this report have been prepared by the respective functions and businesses under the guidance of the senior management

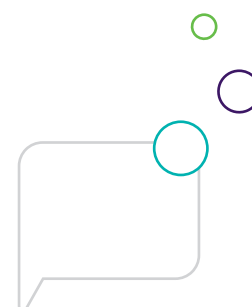
## Board Assurance

The management has evaluated the contents presented in the Report and accepts the responsibility for its integrity. The Board is of the opinion that the Report addresses all material issues and provides a fair and balanced view of the Company's performance.

## Forward Looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This Report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should

underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.





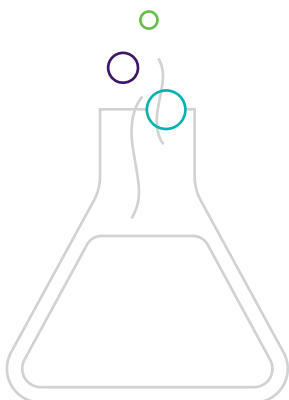
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# ENHANCING CAPABILITIES ENSURING FUTURE

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Laurus Labs has always mapped out its trajectory with the belief that the **FUTURE** largely depends on what is done in the **PRESENT**. And hence, it is said that the **FUTURE** starts today, not tomorrow.

**Ensuring Future** not only implies a future-ready organization but also how Laurus Labs humbly yet progressively contributes to improving health outcomes in countries across the globe. In the process, Laurus Labs has also been Enhancing Capabilities across its entire value chain by integrating products, process and people.

**Enhancing Capabilities** has powered transformation at Laurus Labs and has steered clear the path for success and growth. Perseverance, agility, team work and vision have served as the perfect ingredients for the organization to develop and grow over the last decade and a half.





2006 marked the beginning of Laurus Labs' journey. Initially established as a CRAMS (Contract Research and Manufacturing Services) company, it quickly ventured into the field of antiretroviral drugs (ARVs) due to the development of innovative synthetic routes for critical ARV active pharmaceutical ingredients (APIs). After five years, the Company significantly bolstered its capabilities and transformed into an esteemed API company. Another five years down the line, Laurus Labs further expanded its expertise, evolving into an integrated pharmaceutical company.

Throughout its remarkable progression, Laurus Labs has remained steadfast in its core DNA, characterized by the unwavering ability to enhance its capabilities. These capabilities encompass the capacity to activate, formulate, and synthesize, propelling the company forward with remarkable agility and resilience.



Activate



Formulate



Synthesize

### How Laurus has Enhanced its Capabilities through Activating, Formulating and Synthesizing

The capabilities carry a deeper meaning, in addition to having the Company's core business lines embedded.

**Activate** implies that Laurus Labs has established a path for itself, by activating an agile business model and value chain powered by its strategic objectives, taking into consideration the evolving market dynamics and emerging opportunities.

The Company has grown on that path and pivoted the course of its business around its strategic objectives.

**Formulate** is the Company's capability to manufacture pharmaceutical products whilst optimizing cost and enhancing the quality.

**Synthesize** is a broader concept focussing on the Company's inherent capabilities for developing strategies and products, sprinting towards its goals of achieving its objectives with great velocity.

To summarize, it has always been an endeavour at Laurus Labs to capitalize on its capabilities while simultaneously safeguarding the future. With a humble vision, Laurus Labs not only envisages a secure future for itself, but also visualizes for the future generations, a world, where easy access to quality and affordable medicines is possible.





# 01 Overview

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## FROM THE CHAIRMAN'S DESK



I am glad that, like every year, this year too, the Company has endeavoured to work with perseverance, patience and passion.

### Dear shareholders,

I extend a warm welcome to the Annual Report of Laurus Labs Limited – a Company committed towards ensuring a healthier future for the world.

I am glad that, like every year, this year too, the Company has endeavoured to work with perseverance, patience and passion. Drawing out a strategic roadmap, with three long-term strategic objectives as pillars for the key operational strategies, Laurus Labs has ensured that its capabilities are optimally utilised.

### India and Pharma – a deep bond

The pharma industry in India has been fundamentally responsible for manoeuvring the way public health outcomes are seen due to its high quality, affordable drugs. At the same time, the industry is amongst the top five sectors impacting foreign exchange earnings and has been contributing close to 2% to India's economic growth story. The fusion of both these elements is making the industry poised for high growth.

The Indian pharma industry has set itself on a vision of establishing India's global leadership in life sciences by 2030, while driving deeper domestic access and affordability. In addition to this, the Ayushman Bharat Yojana launched in 2018 is the biggest healthcare initiative in the world, which has been a boost to the pharma sector, granting tremendous opportunities to grow.

### ESG and Pharma – changing landscape

The ESG landscape in the pharmaceutical industry has undergone a transformational change over the past few years, led by considerable focus on sustainability initiatives. The score and quality of ESG determines to a large extent the way the Company is perceived by all the stakeholders. I would like to acknowledge the actions of SEBI for introducing mandatory disclosures, which will have profound implications not only on the organisations, but on the economy as well, with investors changing interests in tomorrow's potentially valuable ESG compliant companies.

### ESG and Laurus Labs

Reiterating the importance of integrating transparency and sustainability strategically into the operations, Laurus Labs has played its role as a responsible corporate entity and has been applying Environmental, Social and Governance practices towards meeting their sustainability goals. As a commitment towards voluntary disclosures, the organisation places massive importance on Business Responsibility and Sustainability Reporting (BRSR) and has increasingly mirrored its intention in its actions of developing drugs in a sustainable way.

We have always ensured complete adherence to all the three facets of ESG in a meaningful way, our ESG approach supports 14 out of the 17 UNSDGs and strictly complies with Environmental Protection Law.

### People – the Pulse

In addition to ESG, another strong pillar at the Company is the workforce. The people-centric environment within and outside the organisation has been demonstrated well with great emphasis on customers as well as employees. A sustained achievement of the 'Great Place to Work' award since the past four years is a testimony to the fact that Laurus Labs, in essence, considers people as the greatest resource for the organisation. We cater to marquee clientele from across the globe with a customer-focussed approach wherein we meticulously work with them to cater to their requirements with customized solutions. Going the extra mile to cater to them also is a validation of the fact that people remain the pulse of the organisation.

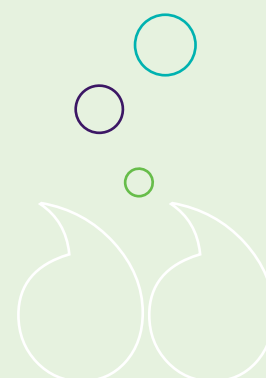
### Concluding Remarks

I hereby conclude that the Board and the management at Laurus Labs are constantly striving for a sustainable, profitable mode of business. I extend gratitude towards all stakeholders, employees, customers and regulatory bodies for their unwavering belief in us and constant support.

Sincerely,

**Dr. M Venu Gopala Rao**

Non-Executive Chairman and  
Independent Director





# INTEGRITY UNDERPINS OUR STRATEGY

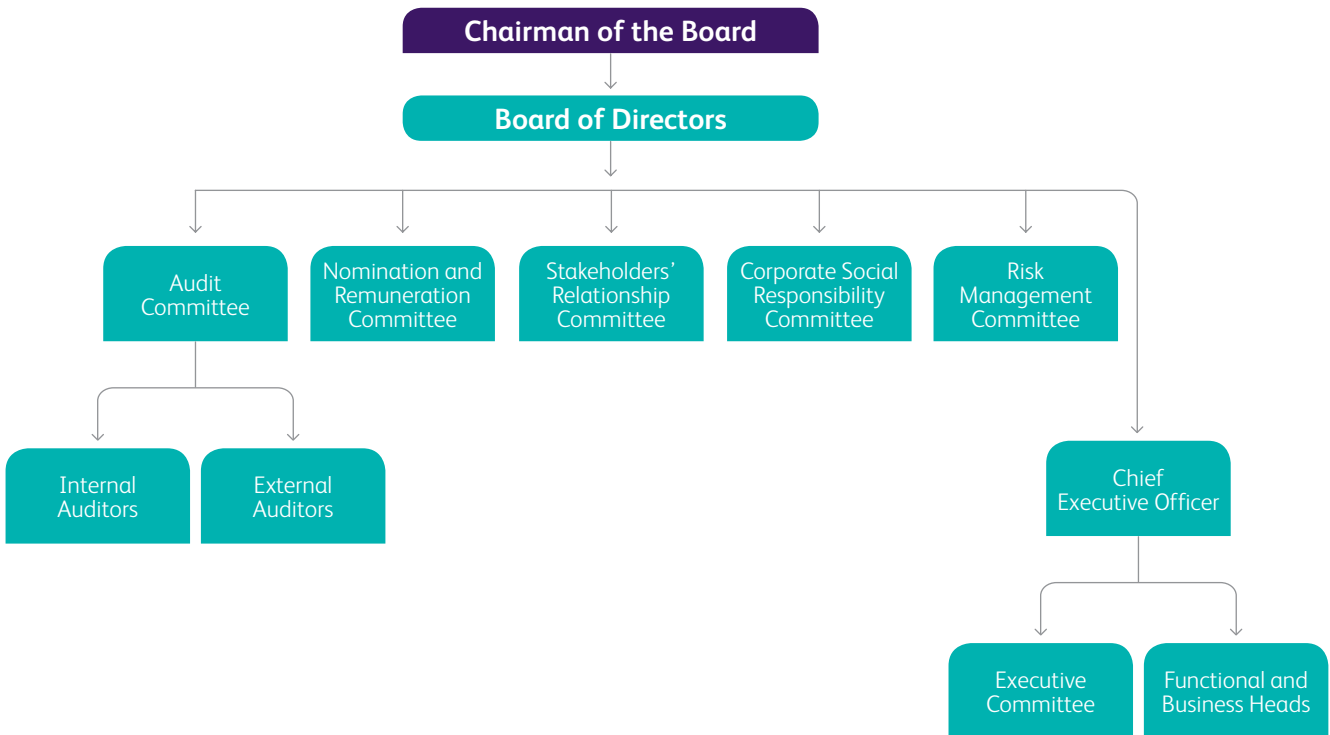
Corporate governance has always been the cornerstone of Laurus management process. With a decision-making process based on decentralisation, empowerment and meritocracy, we are committed to the business’ fundamental objective of maximising shareholder value. Upholding high standards of ethics, integrity and sustainability is not just about complying with laws and regulations; it is about making a positive impact on society in everything we do.

### Governance framework

Our approach to corporate governance and the role it plays goes well beyond meeting our compliance obligations. We believe that our governance framework fosters our high performing and respectful culture while underpinning our values of integrity, patient focus, collaboration, innovation and superior performance.

### Composition of the board

The board comprises optimal combination of Independent as well as Non-executive Directors having in-depth knowledge of the business of the industry. The Chairman, who is a Non-Executive and Independent Director and the Chief Executive Officer (CEO) of the Company have their own roles for better Corporate Governance Standards.



### Skills & experience

Our Board of Directors provides oversight with respect to our strategic direction, overall performance, and key corporate policies. It approves major initiatives, advises on key financial and business objectives, and monitors progress with respect to these matters. Our Board is a diverse, highly engaged group of individuals that provides strong, effective oversight of the company. Both individually and collectively, our directors have the qualifications, skills, and experience needed to inform and oversee the company's long-term priorities.

Dr. M. Venu Gopala Rao



Dr. Lakshmana Rao C V



Mrs. Aruna Bhinge



Dr. Satyanarayana Chava



Mr. Chandrakanth Chereddi



Dr. Rajesh Koshy Chandy



Mr. V. V. Ravi Kumar



Dr. Ravindranath Kancherla



- Pharma industry experience in sourcing, manufacturing, marketing and business development
- Accounting, financial, budget and costing expertise
- Legal and HR expertise
- Experience in quality
- Expertise in corporate governance
- Formulation of effective strategy

#### Board experience

11-20 years

12%

21-30 years

12%

> 30 years

76%

#### Board age profile

30-50 years

12%

51-70 years

76%

71-90 years

12%

### Principles

#### Ethics and Integrity

The Board is committed to the highest standards of ethics and integrity. Directors under the oath, commit to abide by the 'Code of Conduct', regulation and policies; while striving to demonstrate the behaviours that are consistent with the Company's Values.

#### Responsible Conduct

The Board acknowledges the Company's role in contributing to the growth and development of the societies in which it operates; being accountable for our impact on the environment and society; and evolving as new priorities surface. Compliance with laws and regulations is a critical aspect of our citizenship efforts and we endeavour to supplement our compliance routines by maintaining an attitude of going above and beyond minimum requirements wherever possible.

#### Accountability and Transparency

The Board commits to providing credible and comprehensive financial and non-financial reporting accompanied by robust feedback mechanism. With respect to the stakeholder interests, we will align with best practice relating to disclosures and be subject to internal and/or external assurance and governance procedures.



## FROM THE DESK OF THE CEO



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Addressing my stakeholders has always been one of my key responsibilities. As the first employee of the Company, I welcome onboard the FY23 Annual Report of Laurus Labs Limited, which will be an exploratory journey.

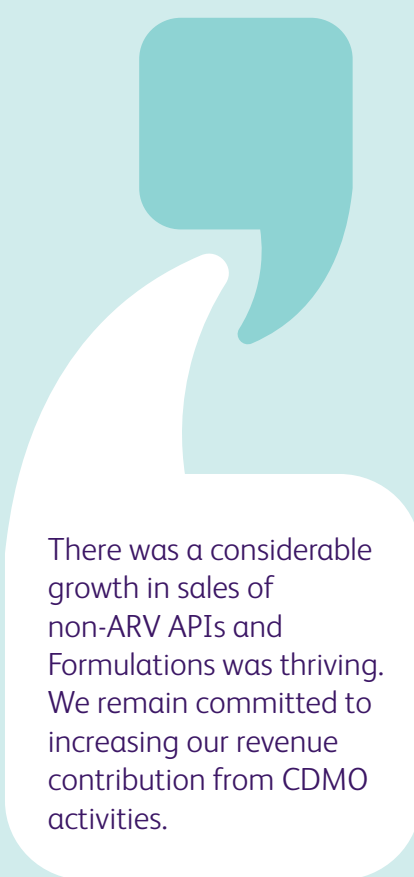
Before commencing the journey, I want to express deep regret and extend support to the families affected by the flash fire that occurred in one of our API manufacturing plants in Andhra Pradesh in December 2022. I assure you that extreme precaution will be taken in order to avoid such incidents occurring in the future.

### **‘The Beginnings’ to ‘The Now’**

My passion in chemistry and the drive for quality along with a capable team at Laurus Labs have been the propellants for creating a profitable and sustainable business over the years, concurrently instilling hope in millions of people.

With our ability, we have enhanced our capability and with that we have embraced the willingness to accept responsibility – responsibility to ensure a sustainable future.

From our humble beginnings as a Contract



There was a considerable growth in sales of non-ARV APIs and Formulations was thriving. We remain committed to increasing our revenue contribution from CDMO activities.

Research and Manufacturing (CRAMs) company, we ventured into the business of APIs and intermediates and later into Formulations, Bio and Cell Therapy areas. Our goal is to be a research-driven, integrated pharmaceutical company and with one of the largest research divisions in the industry for APIs, I can say overlapping the competencies of Research and Manufacturing is the crux of our success.

A strong focus on R&D has been instrumental in developing new products and improve existing ones and helped us stay ahead; whereas strategic partnerships

have helped in expansion of customer base, entry into newer markets as well as given us greater access to technology.

### Financial Year 2023

Despite pricing pressures which have reached almost the low point, the year gone by witnessed good growth in base business. There was a considerable growth in sales of non-ARV APIs and Formulations was thriving. We remain committed to increasing our revenue contribution from CDMO activities.

In FY2023, expansion in capacities in 5 locations continued to pick up speed and advancements in capex projects have been on track. Reactor volumes have increased to over 7 million litres and FDF capacity is increased to 10 billion units. Laurus Labs has been selected as a panel supplier for a global fund for ARV Drugs, for a three-year period till FY2025, of which procurement has already begun.

Enzymes development and manufacturing and precision fermentation.

### Future-ready

As we move into the era of post pandemic, the Indian pharmaceutical sector is at an inflection point. The world now recognizes India as a global player providing quality, yet cost-effective medicines. The pharmaceutical sector in India now needs to take a step ahead from being a volume creator to a value creator. Moving from 'Make in India' to 'Discover, Invent and Make in India,' Laurus Labs has been adopting this strategy supporting India's ambition to become a sustainable partner in manufacturing outsourcing.

Laurus Labs invests in products and capacities ahead of time and requirement. The Company intends to boost capacity in biotechnology and contract development. So far, we have secured and retained our leadership position in a range of

involved in disruptive innovation, product support and prototyping would go a long way in benefitting the industry. Talent acquisition and retaining the talent is a challenge and the company is investing lot of resources to address this.

### Conclusion

Our country is moving from being a massive generic manufacturing hub to a value-adding manufacturing hub for both Generic and innovative drugs. Laurus Labs is a humble stakeholder in enabling this journey of India, laying a strong foundation with technology, innovation and modern manufacturing capabilities.

I am proud to say that Laurus Labs has continued to demonstrate agility and consistency in the face of both good times and bad. Our unwavering commitment to our vision for the future, combined with our clear long-term goals, has allowed us to achieve consistent growth and success.

### Overview of Performance

Laurus labs delivered strong Full-Year 2023 performance, with ₹ 6,041 crores revenues; 22% revenue growth and ₹ 1,594 crores EBITDA, resulting in a margin of 26%. Growth investments continued with CAPEX reaching 16% of revenues, equivalent to ₹ 990 crore, to ensure sustained performance in long term.

Laurus Labs has successfully completed execution of a large purchase order and won new projects from Big Pharma. CDMO segment has obtained a dedicated USD 100 million investment, whilst CDMO in R&D and Animal Health API facilities are on track. There has been more than 28% capacity expansion in small molecules and CMO pipeline has 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 Bio Catalysis platforms. We made significant progress in FY2023, advancing our scientific capability in offering several key technologies to global customers, including access to technologies like continuous flow chemistry at lab and commercial scale, bio-catalysis, continuous chromatography,

therapeutic segments such as Anti-Retroviral (ARV), Oncology, Cardiovascular and Diabetic. We remain committed to invest in disruptive technologies like Cell and Gene Therapy. Our investment in ImmunoACT showcases the company's ability to identify and invest in new frontiers of Immuno-Oncology. The Company is also committed to bring drugs for rare diseases in India and other emerging markets.

### Challenges to tackle

In the process of shaping the country's health outcome, the pharma industry has been continuously contributing to India's economic growth. However, the relationship between the industry and regulators is an essential factor and regulatory standards need to be rationalised. Governmental support and incentivising the pharma companies

I am continually inspired by the dedication and hard work of our team, who have risen to the challenges presented by a rapidly changing global landscape. Together, we have forged a path forward that is both sustainable and innovative and I have no doubt that we will continue to thrive in the years to come. As we look to the future, I want to assure our shareholders that we remain steadfast in our commitment to excellence and that we will continue to seek out new opportunities for growth and development.

With your continued support, I am confident that we can build a brighter future for our company, our employees and our valued stakeholders. I would like to interact with you again in a year's time and report our growth story.

With kind regards,

**Dr Satyanarayana Chava**  
Executive Director and CEO



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# CORPORATE IDENTITY

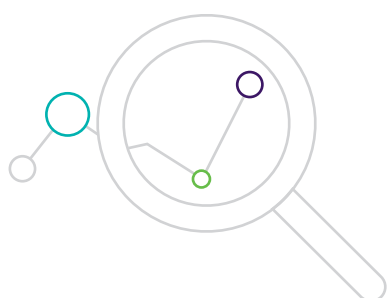
## OVERVIEW OF THE COMPANY

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Laurus Labs Limited is a science-led, integrated pharmaceutical manufacturing company based out of India, focused on sustainable growth. With an unwavering commitment towards its philosophy of providing quality medicines for all markets across the globe and a strong appetite for investing ahead of time, Laurus Labs captures the quintessential essence of Enhancing its Capabilities towards Ensuring the Future.

As an R&D first company, Laurus Labs has been organically developed based on strong principles and values. 'Evergreen', as the Latin name 'Laurus' connotes, Laurus Labs continues in its endeavour to focus through teamwork leading to success. Gauging the pulse of adaptability through the years, Laurus Labs has transformed and diversified based on the possibility of exploring potential growth areas.

Migrating from an API ARV pureplay company to an API company and then broadening the horizon by delving deeper into FDF and Synthesis, Laurus Labs has conceptualized the term 'Integrated Pharmaceutical Company' for itself, through perseverance and agility over the years. Applying expertise across markets of Human Health, Animal Health, Consumer Health, Agro-chem and Food & Nutrition, Laurus Labs makes efficient use of technology to achieve manufacturing excellence in the target markets.





# THE RINGS OF INNOVATION, KNOWLEDGE AND EXCELLENCE



Our logo embodies the values of Innovation, Knowledge, and Excellence, defining our identity. The three Rings of Innovation symbolize the sun, life, and creation. It represents wholeness, perpetuity, and continuous innovation. The rings also depict the structured growth of our company, expanding into new territories. The top ring signifies innovation and opportunity, constantly evolving in various forms. Each ring represents our accomplishments, embracing challenges and delivering unique solutions. The vibrant color palette evokes freshness and vitality. The Laurus Labs mark embodies growth, progress, discovery, and excellence. Our mission is to provide affordable pharmaceutical solutions for global wellness. Our core values are knowledge, innovation, excellence, care, and integrity. Our vision is to be a leading player in global pharmaceutical solutions for a healthier world. Our philosophy includes consistent quality, futuristic investment, and respect for humanity.



## Vision

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



## 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.



## Values

The core values act like a compass, that keeps the organisation cruising in the right direction.

At Laurus Labs, the five-spoke wheel enabling the journey of the Company consists of

- **KNOWLEDGE** - Seek to learn constantly to stand out from the crowd
- **INNOVATION** - Strike out on new paths to go farther
- **EXCELLENCE** - Scale new peaks in everything we do
- **CARE** - Be diligent, safe and sensible
- **INTEGRITY** - Stand up always for what is right



## Philosophy

- High volume of consistent and uniform quality of the products for all markets
- Identify and invest ahead of time -futuristic investment
- Respect humans as humans

# BUSINESS SEGMENTS

The major business segments at Laurus Labs are

## Generic Formulations

### Product and service offerings

- Anti-retroviral (ARV)
- Anti-diabetic
- Cardiovascular
- Proton Pump Inhibitors (PPIs)
- Central nervous system (CNS)

## Generic APIs

### Product and service offerings

- Anti-retroviral (ARV)
- Anti-diabetic
- Cardiovascular
- Proton Pump Inhibitors (PPIs)
- Oncology

## CDMO-Synthesis

### Product and service offerings

- Commercial scale contract manufacturing
- Clinical phase supplies
- Analytical and research services
- Nutraceuticals, dietary supplements and cosmeceutical products

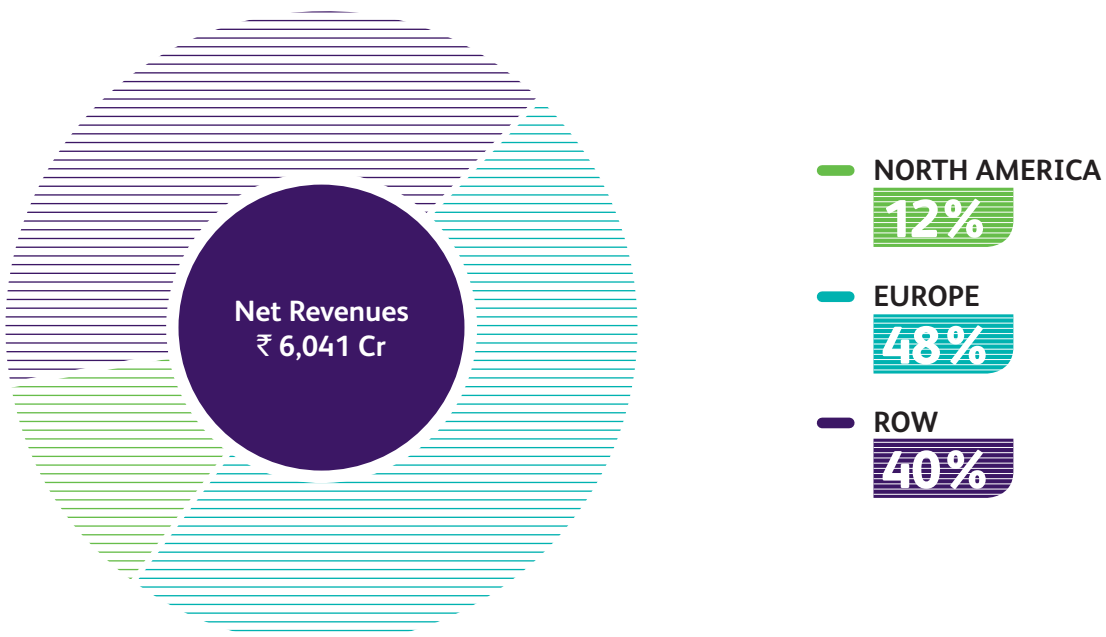
## Bio

### Product and service offerings

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.



# GLOBAL FOOTPRINT



\*Based on Geographical location of the Customer



# MANUFACTURING FACILITIES / UNITS

## Visakhapatnam

U1

API & CDMO



334 Reactors  
1,240 KL

U3

API



297 Reactors  
2,341 KL

U5

CDMO<sup>^</sup>



51 Reactors  
151 KL

U2

FDF & API



10 Billion units,  
12 Reactors 89 KL

U4

API & CDMO



207 Reactors  
1,960 KL

U6

API Intermediates



112 Reactors  
1479 KL

<sup>^</sup>Hormone and Steroid facility

## Visakhapatnam

LSPL U1

API & CDMO



42 Reactors + 3 AGR<sup>^</sup>  
139 KL

## Hyderabad

Sriam Labs

API & Intermediates



31 Reactors  
81 KL

## Bangalore

R1

Bio-Ingredients



5 Fermenters  
10 KL

R&D and Kilo Lab

API & CDMO



43 Reactors  
4.3 KL

R2

Bio-Ingredients



4 Fermenters  
180 KL

<sup>^</sup>All Glass Line Reactors

# BRAND AND CORPORATE REPUTATION AWARDS/RECOGNITIONS

Cementing our credibility and highlighting our achievements, the awards and recognitions conferred upon Laurus Labs showcase the innate ability of the Company to keep performing strong, in its competition with itself, to perform better year-on-year.



**OSH India Award – 2022**  
under the category Health and Safety Initiatives – Unit-4



**Unit-6 has won the CII Industrial Safety 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



**Fortune India – Featured in Best CEOs of Year 2022**



**Unit-5 won CII EHS Excellence Awards 2022** in Environment First place in "Air Quality"



**EcoVadis Assessment for the year 2022** and secured 63 score, honored with silver medal for its sustainability performance.



**AIMA Award - Emerging Business Leader of the Year 2021**



**Most Promising company of Year 2021 - CNBC-TV18 Indian Business Leader Awards**



**Dow Jones Sustainability Indices (DJSI), Corporate Sustainability Assessment**





**E&Y, Entrepreneur of the Year 2021 - Health Care and Life Sciences Segment**



**ET Corporate Excellence Awards - Emerging Company of Year 2021**



**Business Person of the Year 2021 - Awarded by Sakshi Excellence Awards**



**Business Today – Best CEO of Year 2021**



**India Pharma Leader Award 2020**



## BOARDS' PROFILE



**Dr. M Venu Gopala Rao**  
Non-Executive Chairman and Independent Director

**Key expertise**

General Management, Manufacturing efficiencies, and Entrepreneurship

**Key qualification**

B.Sc (Hons) in Chemical Engineering, Post-Graduate in Pulp and Paper Technology from the Forest Research Institute

A



**Dr. Satyanarayana Chava**  
Executive Director and Chief Executive Officer

**Key expertise**

+30 years' experience across R&D, API process, Manufacturing, Quality Control, Business development, Supply chain, Intellectual Property

**Key qualification**

Ph D in Chemistry from Andhra University, Executive MBA from Indian School of Business

R



**Mr. V. V. Ravi Kumar**  
Executive Director and Chief Financial Officer

**Key expertise**

+30 years' experience in Finance, Information technology, M&A & Strategic alliance, HR, Supply chain and Sustainable Development

**Key qualification**

Master's in Commerce, Fellow member of Institute of Cost Accountants of India (formerly ICWAI)

C S R



**Dr. Lakshmana Rao C V**  
Executive Director

**Key expertise**

+30 years' experience in Quality control, Quality assurance, Regulatory affairs and Corporate Strategy and Implementation

**Key qualification**

PhD in Chemistry from Andhra University

R



**Mr. Chandrakanth Chereddi**

Non-Executive Director

**Key expertise**

Project Management, Strategy (ex- McKinsey & Co.), Risk mitigation

**Key qualification**

B.E from Osmania University, Master's in Electrical and Computer Engineering from University of Illinois, PGP in Management from Indian School of Business

**S** **R** **A** **C** **N**



**Mrs. Aruna Bhinge**

Independent Director

**Key expertise**

+30 years of extensive experience in food security, Strategic planning (ex-Syngenta India)

**Key qualification**

Bachelor's from University of Poona, Master's in Science and Post-graduate in Management Studies (MMS) from University of Mumbai

**C** **A**



**Dr. Rajesh Koshy Chandy**

Independent Director

**Key expertise**

Marketing Professor at London Business School, Business Educator, Writer, Strategy

**Key qualification**

Bachelor's in Engineering (Electronics and Communications), MBA from University of Oklahoma, Ph.D from University of Southern California, Member American Marketing Association

**N** **R** **A**



**Dr. Ravindranath Kancherla**

Independent Director

**Key expertise**

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

**Key qualification**

MBBS and Masters in Surgery from Madras University, Fellowship of the UK Royal College of Surgeons FRCS (Glasg) & FRCS (Edin.)

**N** **S**

**(A)** Audit Committee

**(R)** Risk Management Committee

**(C)** CSR Committee

**(N)** Nomination and Remuneration Committee

**(S)** Stakeholders' Relationship Committee

**(●)** Chairman

**(○)** Member



# MANAGEMENT TEAM



**Dr. V Uma Maheswer Rao**

Executive Vice President  
Chemical R&D

**Key expertise**

+30 years' experience in process R&D and API manufacturing process. Currently hold Directorships in Laurus Bio Private Limited and Sriam Labs Private Limited.

**Key qualification**

Ph.D in Chemistry from Osmania University



**Mr. Srinivasa Rao S**

Executive Vice President  
Manufacturing and operations

**Key expertise**

+28 years' experience in production planning, and execution of manufacturing processes. Currently hold Directorship in Sriam Labs Private Limited.

**Key qualification**

Masters in Chemistry from Nagarjuna University



**Mr. Krishna Chaitanya Chava**

Executive Vice President  
Head - Synthesis

**Key expertise**

Vast experience in Strategy and Marketing. Currently hold Directorships in Laurus Synthesis Private Limited (LSPL), Sriam Labs Private Limited, Laurus Infosystems (India) Private Limited and Laurus Specialty Chemicals Private Limited.

**Key qualification**

PG MFAB from ISB, Hyderabad, Masters in Mechanical Engineering from North Carolina State University, B.Tech from BITS Pilani, Dubai.



**Mr. Martyn Oliver James Peck**

Executive Vice President  
Business Development

**Key expertise**

+24 years' experience across sourcing, purchasing, sales and market intelligence.

**Key qualification**

BSc in Biological & Medicinal Chemistry from University of Essex



**Mr. Thomas Versosky**

President  
FDF, North America

**Key expertise**

+18 years' experience in US generic across commercial operations, incl. portfolio management, business development, licensing & acquisitions. Currently hold Directorship in Laurus Generics Inc.

**Key qualification**

BSc. in Business from University of Phoenix



**Mr. Rajaram Iyer**  
Senior Vice President  
Portfolio Management

**Key expertise**

+25 years expertise in Strategic Planning, Portfolio Management & New business initiatives. Currently hold Directorship in Laurus Bio Private Limited.

**Key qualification**

Master in Analytical Chemistry, EGMP from IIM-Bangalore, MBA (Operations Research)



**Mr. Ch. Sita Ramaiah**  
Senior Vice President  
Finance

**Key expertise**

+22 years of experience in Treasury, Financial reporting, MIS and Taxation. Currently hold Directorships in Laurus Synthesis Private Limited, Laurus Specialty Chemicals Private Limited and Laurus Generics GMBH.

**Key qualification**

Fellow member of Institute of Chartered Accountants of India (ICAI).



**Mr. S. Srinivas Rao**  
Senior Vice President  
Manufacturing

**Key expertise**

+27 years' experience in field of production and manufacturing

**Key qualification**

Masters in Chemistry from Shridhar University, Rajasthan



**Mr. Narasimha Rao DVL**  
Senior Vice President  
Synthesis

**Key expertise**

30 years' experience in the field of pharma. Currently hold Directorship in Laurus Synthesis Private Limited (LSPL)

**Key qualification**

Masters in Science from Nagarjuna University



**Mr. Narasimha Rao Chava**  
Senior Vice President  
Human Resource

**Key expertise**

+27 years in the field of administration and Human Resources functions. Currently hold Directorship in Laurus Synthesis Private Limited (LSPL).

**Key qualification**

Masters in Arts from Andhra University



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

**Key expertise**

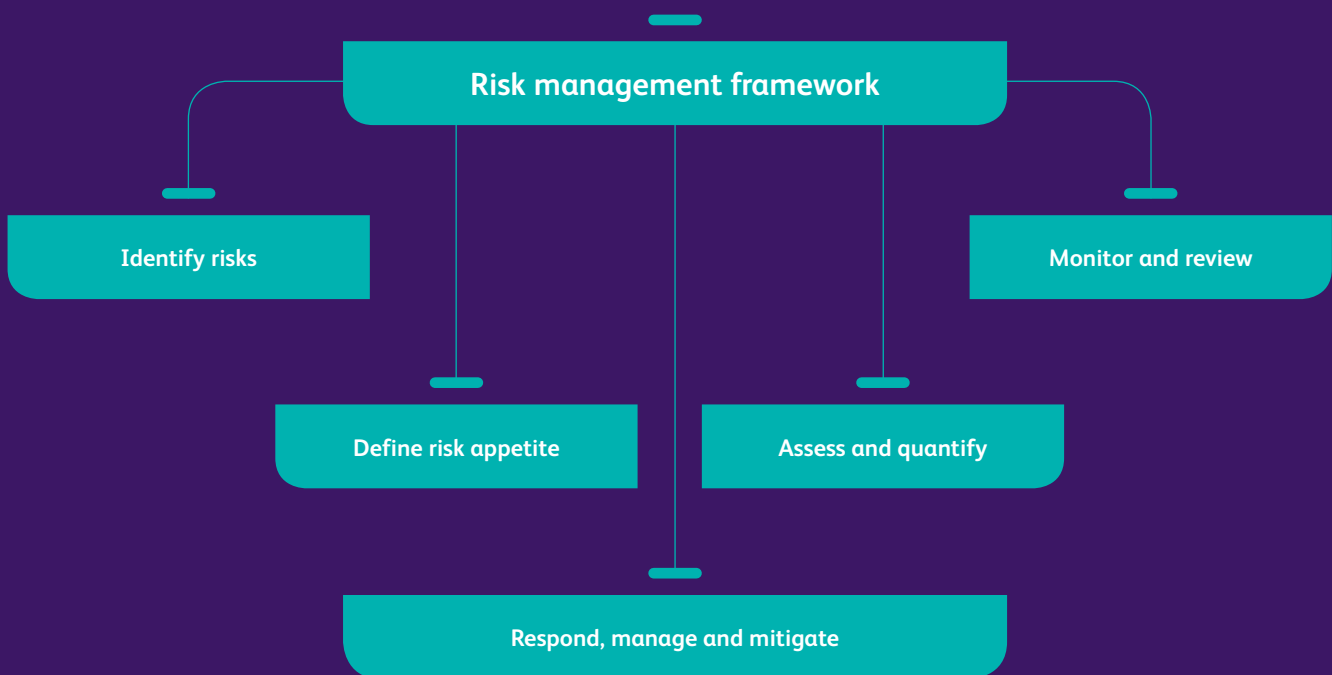
+27 years of experience in Process development, IP Management & Litigation.

**Key qualification**

Masters in Chemistry, PG Diploma in Patent Law from IIPS and LLB from Osmania University.

## A PROACTIVE AND DISCIPLINED APPROACH

We recognise that managing risk effectively is integral to executing our strategy. In order to deliver our strategy and achieve excellence through our business model, both operationally and financially, we must ensure we maintain the right balance between safeguarding against potential risks and taking advantage of potential opportunities. Our aim is to foster a culture of effective risk management by encouraging appropriate and monitored risk-taking in order to achieve the Group’s strategic priorities.



### Risk management framework

The Company’s Board of Directors has the overall responsibility for the establishment and oversight of the Company’s risk management framework. The Board of Directors has established a Risk Management Committee, which is responsible for developing and monitoring the Group’s risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Company’s Audit Committee oversees how management monitors compliance with the Company’s risk management policies

and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by the internal audit team. The Internal audit team undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Nature of Risks	Definition and impact	Mitigating factors
<b>Industry Risk</b>	Downturn in the industry could adversely impact the Company's performance	We have a presence in all of the world's major Pharmaceutical marketplaces, and we analyse our risks on a regular basis. To reduce the risk of our procurement, production, and distribution processes, we intend to establish a business continuity strategy.
<b>Competition Risk</b>	Competition in domestic as well as international markets could affect market presence	To maintain a cost advantage, we are building economies of scale in manufacturing, distribution, and procurement. Strengthening long-term relationships with our main customers by providing enhanced quality and service know-how. Implementing cost-cutting measures and enhancing the manufacturing efficiency of our plants. Investing in R&D with the goal of reducing raw material consumption and increasing productivity.
<b>Regulatory Risk</b>	Pharmaceutical business is highly regulated and is under continuous surveillance by various regulatory authorities. Inability to receive necessary approvals for manufacturing could affect business operations	To ensure compliance with the pharmaceutical industry's legislative requirements and regulations, we are improving our review mechanism. Our information management system detects changes in the regulatory environment and their impact in a timely manner, allowing us to stay on top of regulatory requirements.
<b>Innovation Risk</b>	Lack of niche products and processes may negatively affect growth rate	We ensure strong R&D capabilities and proven track record in filing, approval and commercialisation of niche products and processes. Our strong chemistry knowhow, efficient process optimisation and niche product portfolio have resulted in strong global presence and market leadership.
<b>Operating Risk</b>	Inability to manage vendor-cum-customer relationships could impact revenues	We have an ongoing action plan to de-risk the vendor based on both country risk as well as single source perspective. Despite a challenging business environment, we have effectively maintained our ties with vendors and customers, resulting in organisational stability and predictability. We have long-term partnerships with large worldwide and Indian pharmaceutical companies, ensuring revenue visibility.
<b>Capacity Planning and Optimisation Risk</b>	Inadequate capacity could jeopardise our capability to meet changing customer requirements, affecting margins	Our business team keeps a close eye on product trends to ensure that we have enough capacity to satisfy demand. We also make sure that we have solid mechanisms in place to check plant capacity on a regular basis. We push for changes in production methods including preventive maintenance plans and plant redesigns in the event of repeated malfunctions.
<b>Financial Risk</b>	Our expenses and investments are primarily in Indian currency. However, revenues are spread across various international currencies. Therefore, our net expenses and any future investment or other income may be vulnerable to fluctuations in exchange rates.	To protect ourselves, we have built a strong currency hedging plan. We are regularly evaluating derivatives to address this problem.
<b>Environment, Health and Safety</b>	Our business operations are subject to a wide range of challenging health, safety and environmental laws, standards and regulations from government and nongovernmental bodies around the world.	We have increased our focus on energy sustainability. We ensure that the safety culture programme and behavioural requirements are implemented. On high-risk sites, we conduct thorough process safety audits to improve and ensure the work we do to make our manufacturing processes are as safe as possible.



# LAURUS LABS AT A GLANCE





**₹ 6,041 crores**

Revenue; 22% growth

**₹ 1,594 crores**

26% EBITDA margin

**₹ 990 crores**

Capex; 16% of revenues

**23%**

ROCE

**₹ 790 crores**

Net Profit

**6,500+**

Total Number of employees

**35%**

Employees involved in  
R&D and Quality

**3.5%**

R&D spend as a % of sales

**3**

R&D centres

**200+**

Clients served

**6**

Innovators

**208**

Patents Granted

**7,500 KL**

Reactor Volumes

**10 billion tabs/caps**

Formulations (OSD)

**75+**

Launches across Drug Product  
(DP) & Drug Substance (DS)

**975+**

Quality Audits

**10**

Manufacturing sites



# BUSINESS MODEL

## OUR VERTICALLY INTEGRATED VALUE CHAIN

Laurus Labs follows a vertically integrated value chain business model, where it controls multiple stages of the production process from sourcing raw materials to delivering finished products to customers. This approach enables Laurus Labs to improve efficiency, reduce costs, and enhance quality control. By having more control over the production process, the company reduces dependency on external suppliers, and creates a competitive advantage in the pharmaceutical industry. Laurus Labs' vertical integration capabilities allow it to control the production of active pharmaceutical ingredients (APIs) and finished dosage forms, optimizing its value chain and creating a strong value proposition for its customers. The business model at Laurus Labs acts as the foundation upon which the Company implements and drives a sustainable business strategy. The business model is built on the concept of ensuring a healthier, more affordable pharmaceutical world in the future.

### 1. Research

#### Capability

##### “Research First” approach

Laurus Labs' Research and Development capabilities include Green, Semi-Synthetic and enzymatic reactions both at lab and commercial scale. The company is developing novel enzymes and bio transformations, and has implemented the Green Catalyst platform. Laurus Labs has optimized Continuous Flow technology at both the lab and commercial scale. The company offers one of the largest SMB platforms in Asia and has implemented a fully automated manufacturing line for DS. Additionally, Laurus Labs has filed an NDA for a novel HIV paediatric product based on a new ODF platform. The company is also exploring this platform to create an innovative pipeline in a wide range of therapeutics. Company's new Sterile Lab is operational and working on priority projects.

### 2. Product Development

#### Capability

##### High Growth Therapeutic Areas

Laurus Labs Ltd has strong product development capabilities in developing complex Intermediates, APIs, and finished dosage forms. The product development process involves identifying unmet market needs, designing and optimising formulations, conducting preclinical and clinical studies, and ensuring regulatory compliance.





### 3. Supply Chain

#### Capability

##### Seamless backward and forward integration

Laurus Labs Ltd has a robust supply chain that includes sourcing of raw materials, process development, manufacturing, packaging, and logistics. The have multiple manufacturing facilities ensuring a secure and reliable supply chain for their products. Their supply chain management system is designed to meet global regulatory requirements, ensure quality control, and minimise lead times.

### 4. Manufacturing

#### Capability

##### One World One Quality Standard Approach

Laurus Labs is a pharmaceutical company that prides itself on its flexible cGMP production facilities and its commitment to one quality standard for all markets. This has earned the company recognition from global regulatory agencies, with over 975 quality audits. Laurus Labs' dedication to innovation is evident from the 208 patents granted. The company's success is further bolstered by the 75+ successful launches across DP/DS. Laurus Labs also places great emphasis on its employees - a workforce of 6,500+ people worldwide, including 2,300+ scientists and quality team members. Laurus Labs has 10 production facilities and three R&D sites, with 7500 KL reactor volumes. Through Laurus Labs' adherence to one quality standard for all markets, the company established itself as a respectable player in the pharmaceutical industry.

### 5. Customers

#### Capability

##### Long-Standing Relations

Advanced R&D, Product development, supply chain and manufacturing capabilities enable the company to offer a wide range of high-quality products to customers, making the company an attractive partner for pharmaceutical companies looking for reliable and cost-effective manufacturing solutions. Laurus Labs also works closely with its customers to provide customized solutions and meet their specific supply chain needs.





## KEY CAPABILITIES FOR ENHANCING THE INTEGRATED VALUE CHAIN



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### Service Platform:

Laurus Labs offers a comprehensive services platform that covers every step from development to commercialization. Their services include formulations development, clinical development supplies, commercial scale manufacturing (DS/DP), tech transfer (along scale up & commercial), analytical services, life cycle management. The company's wide range of services ensures that it can support its clients throughout the entire drug development and commercialization process, from initial clinical supplies to commercial manufacturing of DS and DP. Laurus Labs' expertise and dedication to quality make them a trusted partner for clients seeking end-to-end services for their pharmaceutical products.

### Technical Expertise:

Laurus Labs' technical expertise covers a broad range of specialities in both chemical and bio areas. In chemical expertise, the company has a strong focus on small molecules, including HP APIs, GMP intermediates, chiral chemistry, peptides, and hazardous chemistry. They also possess large-scale chromatography capabilities including SMB, as well as expertise in cryogenic, hydrogenation, and flow chemistry. In terms of bio expertise, Laurus Labs has experience in precision fermentation, which includes r-protein food and Biocatalysis at large scale. The company also specializes in oral dosage forms and delivery systems. Through its diverse technical expertise, Laurus Labs is well-equipped to handle complex projects and provide innovative solutions to its clients.

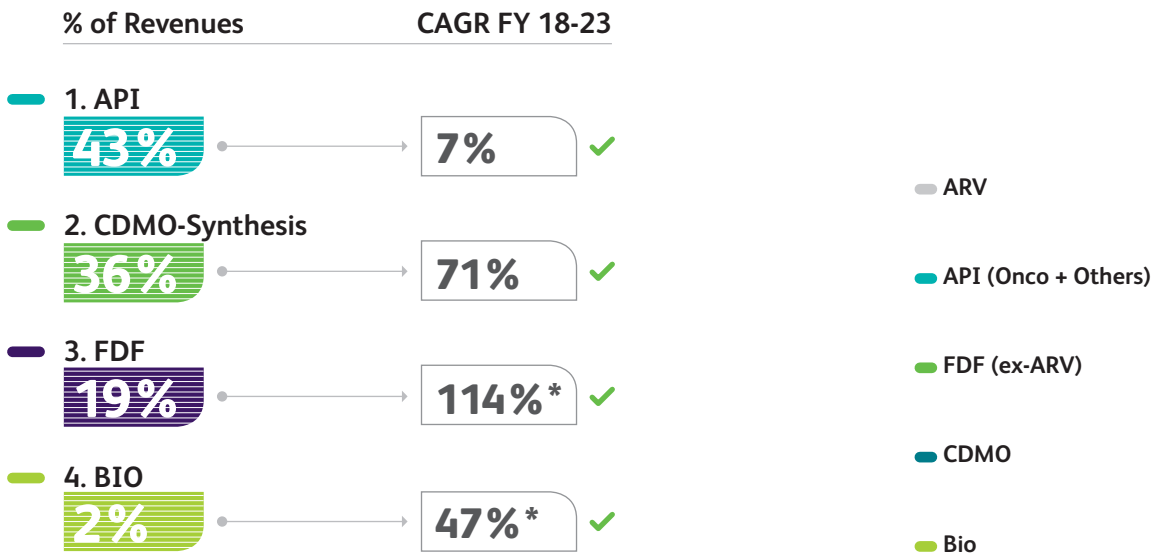
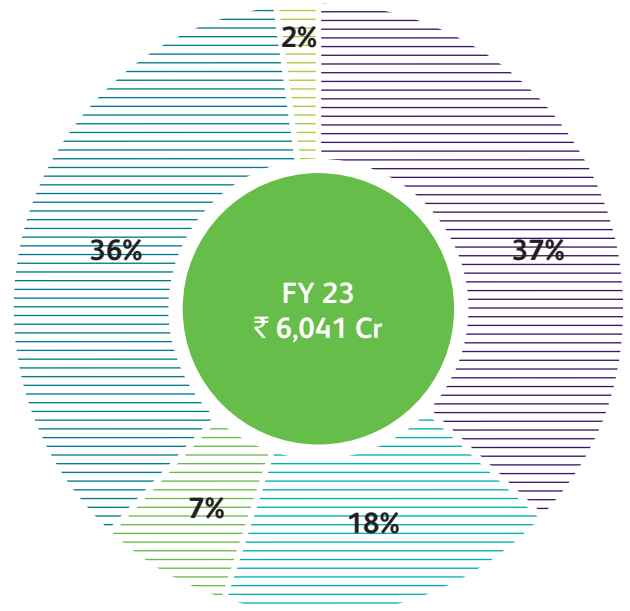
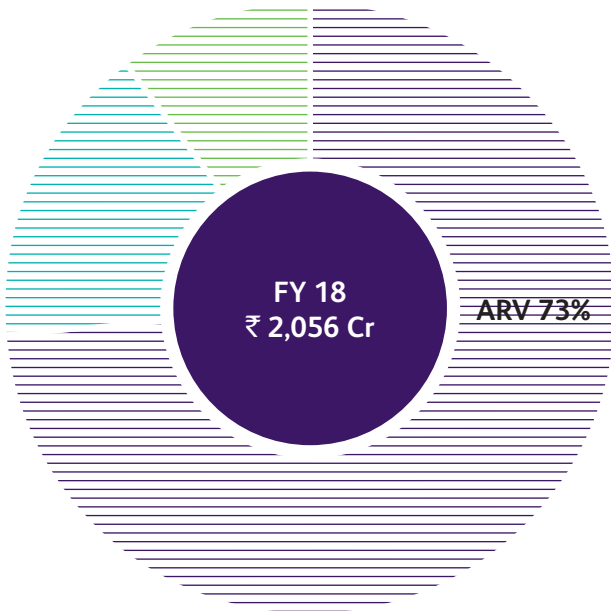
### Quality Standards:

Laurus Labs has established rigorous quality standards and is committed to the ongoing improvement of its Quality Management System (QMS). These standards are implemented across various functions within the company, including Research and Development (R&D), Quality, and Technical Operations. The dedication to maintaining high-quality practices is evident in the significant increase in customer audits, with a rise of over 40% compared to the previous year, resulting in approximately 150 customer audits. These audits encompass a wide range of regulatory bodies, including the US FDA, EU, World Health Organization (WHO), ISO Surveillance, and Drug Controller General of India (DCGI) audits. In total, Laurus Labs has undergone over 85 regulatory audits, with 43 audits conducted by six global regulators, namely the USFDA, WHO, PMDA, TGA, EMA, MHRA, along with ANVISA and several African regulatory agencies.

# OUR GROWTH CHART - EVOLUTION OVER THE YEARS AS AN INTEGRATED PHARMA COMPANY

At conception, the Company's core business was ARV API. Realizing that ARV API cannot sustain the strategic plans envisioned by the team, the Company enhanced its reach to FDF. Thus, migrating from an ARV API pureplay company to an API company and then broadening the horizon by delving deeper into FDF, alongside CDMO Synthesis, Laurus Labs has conceptualized the term 'Integrated Pharmaceutical Company' for itself. With quinquennial (5 year) leaps and strides, the Company has forged ahead, outpacing its own previous growth rate, rising to higher levels of success each time.

## Diversification of Laurus business



\*Based on FY19 since Laurus Labs started realizing sales

\*Based on FY21 annualized sales for Laurus Bio at the time of acquisition (Acquisition date: Feb 2021)



# Review of Performance and Strategies

## 02 Review of Performance and Strategies

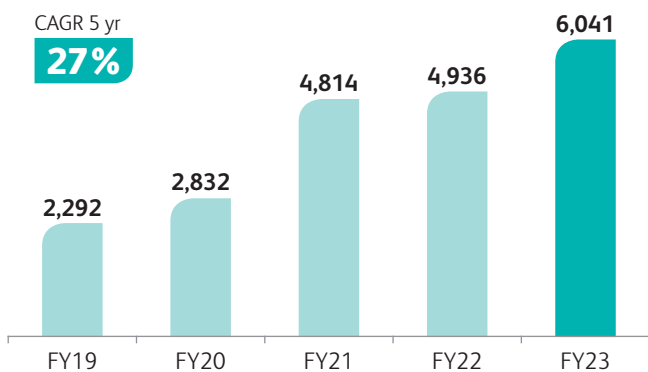
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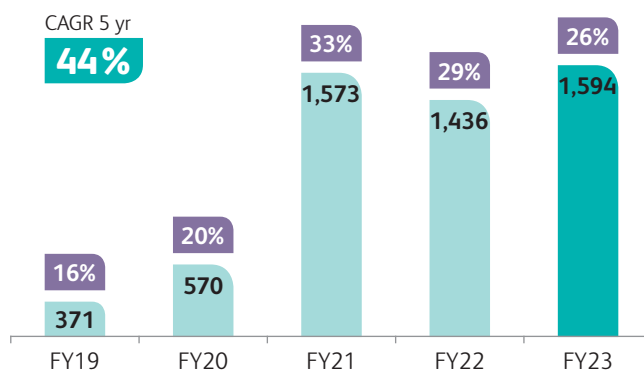


# FINANCIAL HIGHLIGHTS

## Net Sales (₹ in crores)

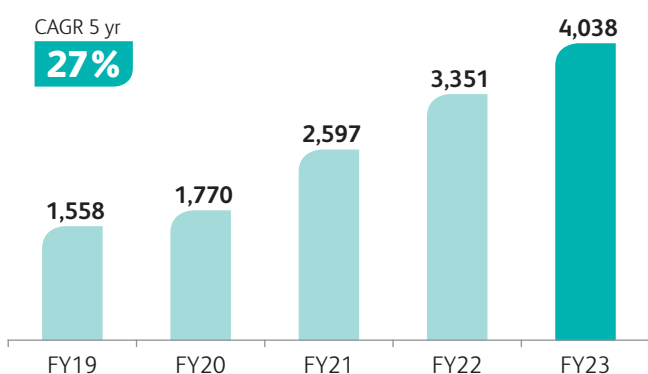


## EBITDA & Margins % (₹ in crores)

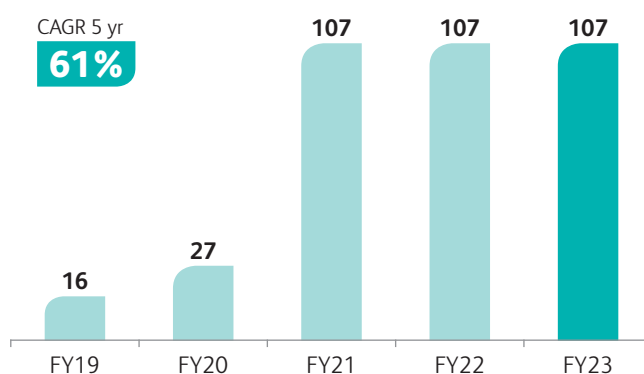


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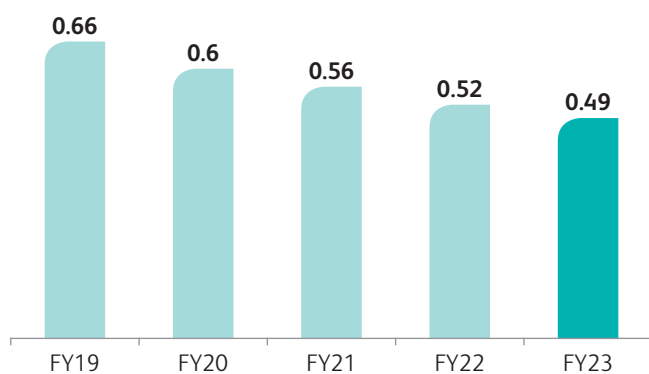
## Networth (₹ in crores)



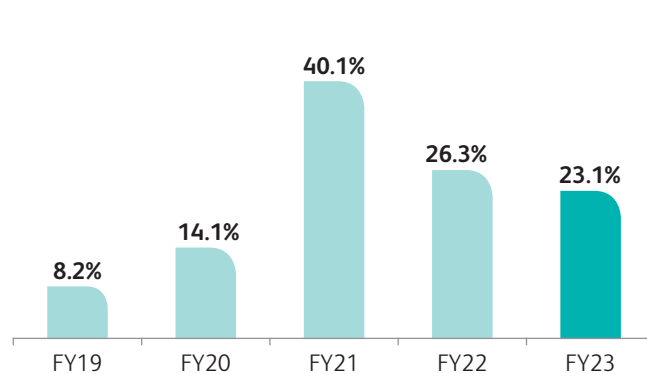
## Dividend (₹ in crores)



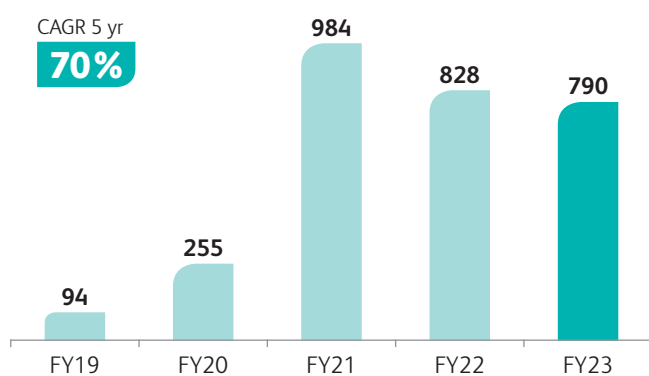
### Debt Equity Ratio (%)



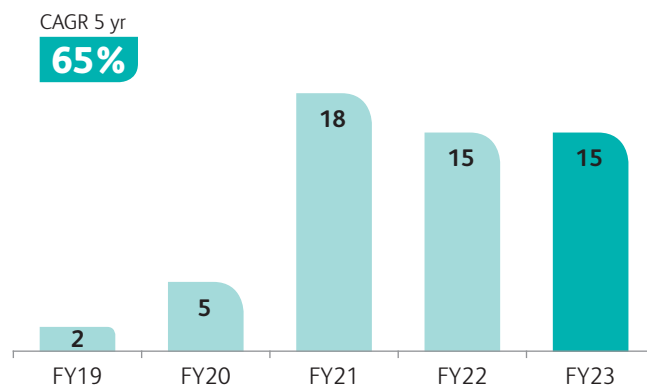
### RoCE (%)



### Net Profit (₹ in crores)



### Diluted EPS (₹)



# REVIEW OF THE FINANCIAL PERFORMANCE

Despite the challenges faced during FY2023, the company achieved remarkable growth in both revenue and profits. The operating income rose by 22.4% from ₹ 4,936 crores to ₹ 6,041 crores and EBIDTA improved from ₹ 1,436 crores to ₹ 1,594 crores. Although the EBIDTA margin of 26.4% remains healthy, it was slightly lower than the previous year's 29.1% due to price pressure in the ARV business, inflationary effects on expenses and the upfront costs associated with new production facilities. However, the CDMO/CMO products have significantly offset the margin pressure in the ARV segment.

As a result of the increase in EBIDTA, Profit Before Tax also showed a marginal improvement from ₹ 1,084 crores to ₹ 1,109 crores. However, Profit After Tax decreased from ₹ 828 crores to ₹ 790 crores, primarily due to a higher Effective Tax Rate of 28.2% compared to last year's 23.2%. As the company transitions to the new tax regime, the Effective Tax Rate is expected to maintain at 25.17% in the coming years.

## Dividend:

During the year ended March 31, 2023, the amount of dividend (first interim dividend ₹ 0.80 and second interim dividend ₹ 1.20) per share declared as distribution to equity shareholders was ₹ 2.00 per share.

## Investing in Future Growth:

Recently, the company has made strategic investments to expand its production capabilities and develop new product manufacturing facilities. After investing ₹ 950 crores in FY22 and ₹ 990 crores in FY2023, the company plans to spend approximately ₹ 1000 crores on capital expenditures in FY2024. This amount will cover the increase in the gross block and capital work in progress, primarily directed towards ongoing expansion projects in the CDMO/CMO businesses, and a new R&D centre. Laurus expects to reap significant benefits from these investments starting from FY2025.

## Borrowings:

As of March 31, 2023, the company's long-term borrowings increased to ₹ 976.20 crores, compared to ₹ 821.31 crores in the previous year. These additional borrowings funded the expansions and new projects mentioned earlier. The company's total debt increased to ₹ 1,971.97 crores from ₹ 1,732.03 crores. However, the Debt: Equity ratios of 0.49 and 0.52 for the two years indicate that the company is not overly reliant on debt financing, thanks to internal accruals.

## Working Capital:

Despite a substantial increase in revenue, the company efficiently managed its revenue collection and reduced its debtors' level from 98 days to 89 days. Moreover, the company's working capital, calculated as the difference between current assets and current liabilities, improved from ₹ 664 crores to ₹ 1,029 crores. This improvement led to an increase in the current ratio from 1.25 to 1.42.

THE OPERATING  
INCOME ROSE  
BY 22.4% FROM  
₹ 4,936 CRORES  
TO ₹ 6,041  
CRORES

EBIDTA  
IMPROVED FROM  
₹ 1,436 CRORES  
TO ₹ 1,594  
CRORES

## CONTINUOUS INVESTMENTS IN SCIENTIFIC AND MANUFACTURING FACILITIES TO ENSURE LAURUS LABS GROWTH IN LONG-TERM





## STRATEGIC PRIORITIES



Build a bigger moat for CDMO and CMO service business and capitalise on diversification of outsourcing and dual sourcing trends	Efficient capital allocation and advancing ESG
Invest in disruptive technology and access new market opportunities	Strengthen systems and processes via automation and digital initiatives to optimise efficiency and delivery
Consolidate ARV share and strengthen global leadership in Oncology, HP APIs & Scaling up of Anti-diabetic, PPI, and CV portfolio	Talent attraction to support new growth investments coming online
Leveraging comprehensive capabilities and technology links to further enhance positioning and fully capture cross-business synergies, as a trusted and reliable partner	





# STRATEGIC MILESTONES

Activity	Years and key events/outcomes
<b>R&amp;D</b> 	<b>2006:</b> R&D was established
	<b>2007:</b> Commenced operations at the R&D Centre
	<b>2009:</b> DSIR recognition received for the R&D Centre
	<b>2011:</b> Received US FDA certification for the R&D Centre
<b>Filings</b> 	<b>2006:</b> Filed the first patent application
	<b>2008:</b> Filed first Drug Master File
	<b>2016:</b> Filed first ANDA with the US FDA and first dossier with the WHO
<b>Products/Co-creating value with Customers</b> 	<b>2006:</b> Signed term sheet with a leading Indian pharmaceutical company for oncology APIs
	<b>2007:</b> Executed manufacturing and services agreements with three multinational companies
	<b>2008:</b> Supplied the Company's first product to USA
	<b>2009:</b> Commercialised four nutritional ingredients
	Launched the Company's first product in Europe
	Entered into a license agreement with an international organization and a multinational company for license to manufacture and sell one of the products in the ARV segment
	<b>2014:</b> Forged partnership with ASPEN for Synthesis (CDMO)
	<b>2019:</b> Entered into Strategic partnership with Global Fund
<b>2022:</b> Signed new CDMO multi-year contract with leading Global Lifesciences company for niche APIs	
<b>Manufacturing/ Organic/ Inorganic growth</b> 	<b>2007:</b> Established Unit 1
	<b>2008:</b> Commenced operations at Unit 1
	<b>2013:</b> Purchased/ leased land at Visakhapatnam for future expansion
	<b>2014:</b> Purchased approximately 135 acres of land at Visakhapatnam for future expansion
	Commenced construction of Unit 2
	Incorporated Laurus Inc. at Delaware as a wholly owned subsidiary of the Company
	<b>2015:</b> Commenced commercial operations at Unit 3
	Acquired 27 % stake in Sriam Labs
	<b>2016:</b> Acquired balance 73 % stake in Sriam Labs, making it a wholly owned subsidiary of the Company
	<b>2017:</b> Incorporated subsidiaries in UK & USA
<b>2018:</b> Incorporated a subsidiary in Germany	

Activity	Years and key events/outcomes
	<p><b>2020:</b> Acquisition of 74.37% stake in Richcore Life Sciences Pvt Ltd (Laurus Bio)</p> <p><b>2022:</b> Incorporated Laurus Synthesis Pvt. Ltd and acquired assets of an API Unit in Vizag</p> <p>Acquired Aspen's South Africa Subsidiary – Laurus Generics SA(PTY) Limited</p> <p>Laurus Synthesis Inc USA is merged with Laurus Generics Inc USA.</p> <p>Laurus Labs acquires substantial minority stake in a CAR-T cell therapy company – ImmunoACT</p> <p><b>2023:</b> Incorporated Laurus Speciality Chemicals Pvt. Ltd. A Wholly Owned subsidiary of Laurus Synthesis Pvt. Ltd</p>
<p><b>Certifications (maiden approval)</b></p> 	<p><b>2010:</b> Received US FDA certification, TGA and UK MHRA certification for the Unit 1</p> <p><b>2011:</b> Received Korean FDA certification for Unit 1 and the R&amp;D Centre</p> <p><b>2013:</b> Received WHO approval for Unit 1</p> <p><b>2015:</b> Successful inspection by WHO, NIP Hungary and US FDA for Unit 1 and Unit 3 manufacturing sites</p> <p><b>2016:</b> Successful US FDA inspection of the kilo lab facility at R&amp;D Hyderabad</p> <p>Received approval from BfaraM Germany for Unit 2</p> <p><b>2017:</b> Laurus Labs received Establishment Inspection Report (EIR) from the US Food and Drug Administration (USFDA) for its API (active pharma ingredients) plants located at Visakhapatnam in Andhra Pradesh</p> <p>Laurus Labs Ltd has received its maiden tentative approval from United States Food and Drug Administration (U.S FDA) for Tenofovir Disoproxil Fumarate Tablets 300mg</p>
<p><b>Capital Infusion</b></p> 	<p><b>2007:</b> Investment by Aptuit Singapore of ₹ 102 crores in the Company</p> <p><b>2012:</b> Investment of ₹ 49 crores in the Company by FIL Capital Management and FIP through primary investment and secondary acquisition of Aptuit's majority stake in the Company. Dr. Satyanarayana Chava, founder of the Company invested in the company and also acquired stake from the secondary acquisition</p> <p><b>2014:</b> Investment of ₹ 300 crores by Bluewater and acquisition by Bluewater of significant stake from FIL Capital Management and FIP (acting through FIL Capital Advisors) through secondary share purchase transaction</p> <p><b>2016:</b> Successfully listed on BSE (Bombay Stock Exchange) and the NSE (National Stock Exchange) in India</p>

# MILESTONES DURING THE YEAR

Successful execution of a large CDMO purchase order with Big Pharma at incredible speed and scale; thereby enhancing visibility for Laurus Labs to win more business from global clients

Enhance technical expertise in enzymes and bio-catalysis and promoting their application in small molecule (clinical & commercial projects)

Signed Supply agreement with Global Fund for ARV drugs for 2023-2025 period

## Establishment of GMP CAR-T cell therapy facility making good progress

In FY2022, the company had acquired 26.62% stake (fully diluted basis) in ImmunoACT, an IIT-Bombay incubated company, that is developing an indigenous CAR T-cell therapy for curing specific types of blood cancers. This acquisition allows Laurus to promote and participate in emerging CGT technology as India's first indigenously developed CAR-T. During FY2023, We inaugurated GMP facility for manufacturing CAR-T treatment in Navi-Mumbai. This will support ImmunoACT in fast tracking HCAR-19 (lead candidate) India phase II and phase III trials.

*CAR-T (Chimeric Antigen Receptor T-cell) technology is a type of immunotherapy that uses a patient's own immune system to fight cancer. It involves taking T cells (a type of white blood cell) from a patient's blood and modifying them in a laboratory to produce chimeric antigen receptors (CARs) on their surface. These CARs can then identify and bind to specific proteins on cancer cells, leading to the destruction of the cancer cells by the patient's immune system. The modified CAR-T cells are then infused back into the patient's bloodstream, where they multiply and continue to attack cancer cells. CAR-T therapy has shown promising results in treating certain types of cancer, particularly in patients who have not responded to other treatments.*

## Positioned well across 1st line HIV treatment

- Better demand visibility in T, L, D with Laurus Labs approved with all global clients
- New market opportunities explored with novel Pediatric ODF platform
- Filed complex Oral drug BETAF1 combo (INSTI inhibitor) recently
- TAF filing under various stage of regulatory approval
- Key ARV dossiers filed in South Africa to access South Africa's large HIV market in the next tender cycle
- LA-CAB1 Inj (PrEP and Treatment) project development initiated

*1 As per CHAI 2022, CAB is not an optimal product in LMICs for several reasons & additional data generation critical to future rollout.*

## Cost Improvements

- Procurement price reduction
- Continuous process improvement program
- In house manufacturing of few key intermediates

*T: Tenofovir, L: Lamivudine, D: Dolutegravir, TAF: Tenofovir alafenamide fumarate, BETAF: Bictegravir/Emtricitabine/TAF, LA-CAB: Long acting Cabotegravir, LPV/r: Lopinavir/ritonavir, DRV/r: Darunavir/ritonavir, ATV/r: Atazanavir/ritonavir, LMIC: Low- and middle-income country.*









## PERFORMANCE SYNOPSIS

FY2023 was a landmark year for Laurus Labs. Partnership with global pharma companies, expansion into CMO/CDMO markets involving meaningful investments in technology, furthering capabilities like offering integrated service in the areas of Animal health and Crop science and accelerating on digitization and mechanization were the key highlights of the year.

An amalgamation of these developments along with the core philosophy would further strengthen the research-led manufacturing foundation & drive the next wave of growth.

### Generics (API)

#### CONTRIBUTION TO TOTAL REVENUE

**43%**

#### Year-on-Year Change

**+28%**

Overall growth of 28%; supported by growing CMO opportunities in high-growth APIs.

#### Revenue ₹ crore

**2,609**

#### Comments

ARV API reported 21% growth and witnessed normalized sales

Oncology revenues witnessed strong increase following offtake in key product



### Generics (FDF)

#### CONTRIBUTION TO TOTAL REVENUE

**19%**

#### Year-on-Year Change

**-39%**

Declined by 39% due to less procurement from global agencies and adverse pricing. However, ARV sales continue to recover against Q2 FY2023 lows.

#### Revenue ₹ crore

**1,140**

#### Comments

*Signed Supply agreement with Global Fund for ARV drugs for 2023-2025 period*

*Developed market tracking healthy growth with higher generic volumes*

### CDMO - Synthesis

#### CONTRIBUTION TO TOTAL REVENUE

**36%**

#### Year-on-Year Change

**+136%**

Growth benefitted from scale execution with Big pharma in record time; Visibility for Laurus Labs to win more business from global clients is enhanced

#### Revenue ₹ crore

**2,167**

#### Comments

*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*

### Bio

#### CONTRIBUTION TO TOTAL REVENUE

**2%**

#### Year-on-Year Change

**+25%**

Recorded 25% growth in sales. Key portfolio driving growth includes AOF proteins and Growth factors

#### Revenue ₹ crore

**125**

#### Comments

*Business plan in place to expand their service offerings and manufacturing Capacity*



# COMPETITIVE ADVANTAGES

## INVESTOR VALUE PROPOSITIONS



- **Stewardship in Active Pharmaceutical Ingredients (APIs):**

Development, manufacture, and supply of APIs in high growth therapeutic areas of Anti Retro Viral (ARV), Oncology, and Hepatitis C to formulation companies in Latin America, South-East Asian, and Sub-Saharan Africa markets, which are typically the fast-growing donor-funded access-to-medicines markets.

- **Robust R&D capabilities:**

The research-first approach has been a clear differentiator for Laurus Labs and with strong R&D for existing as well as new products displaying growth potential. About 20% of total employees are engaged in R&D activities.

- **Modern manufacturing facilities:**

With 10 state-of-the-art manufacturing facilities in Visakhapatnam and a kilo lab facility in Hyderabad, which have received approvals from WHO, USFDA, PMDA, NIP, KFDA, and BfArM, Laurus Labs is at the forefront of manufacturing and development of standardised quality products for all geographies, with uniform manufacturing standards across all facilities.

- **Long-term association with Multi-National Companies (MNCs):**

Long-term association with pharmaceutical MNCs has been a catalyst in the growth of Laurus Labs. 6 out of 10 Innovators and 9 out of 10 Generic companies across the globe have been on clientele. Cost leadership and Quality leadership have been the key differentiators for enabling the Company to retain the top 7 customers for the past 5 years, contributing more than 65% of the total revenue.

- **Experienced leadership and management team:**

Qualified and experienced key management personnel with extensive understanding of the global industry along with a collective vision and proficiency have facilitated in the immense development of the organisation and organic growth.

- **Accomplishment in delivering growth continuously:**

The financial and operational growth metrics have exhibited consistent growth over the years, right from inception.

- **Process chemistry and scale manufacturing/cost leadership:**

Safe, environment-friendly, cost-effective, and efficient processes for the development of products for testing as well as mass, commercial production is a vantage point for Laurus Labs, helping it scale up and acquire a formidable reputation.

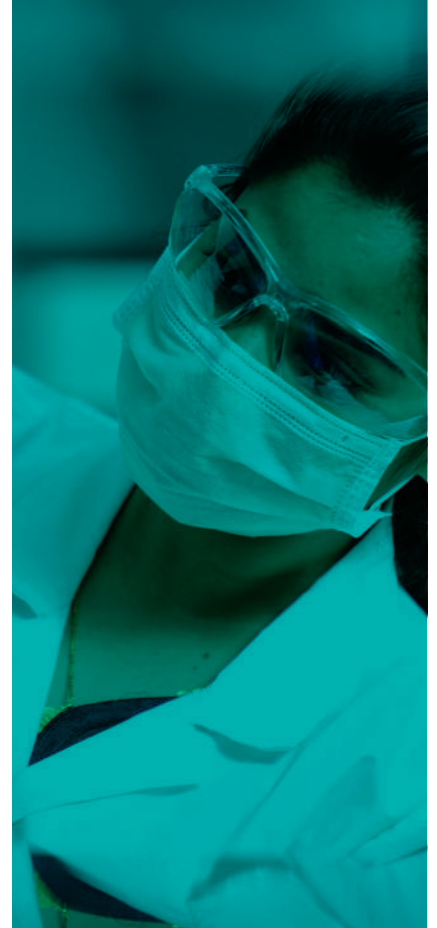
- **The increased capital outlay in high growth segment CDMO having higher ROI and new customer wins:**

Contract Development and Manufacturing Outsourcing (CDMO) is a rapidly growing segment for compressing timelines associated with drug development processes. With Laurus Labs investing substantially into CDMO, higher ROI is expected.

- **Enhancing the ESG landscape:**

Responsible supply chain management, focus on climate and energy, the safety of products, value-based pricing are some of the elements mirroring the Company's efforts towards bettering the ESG landscape within the organization as well as having far-reaching effects in the industry at large.







# ENHANCING CAPABILITIES - CAPEX

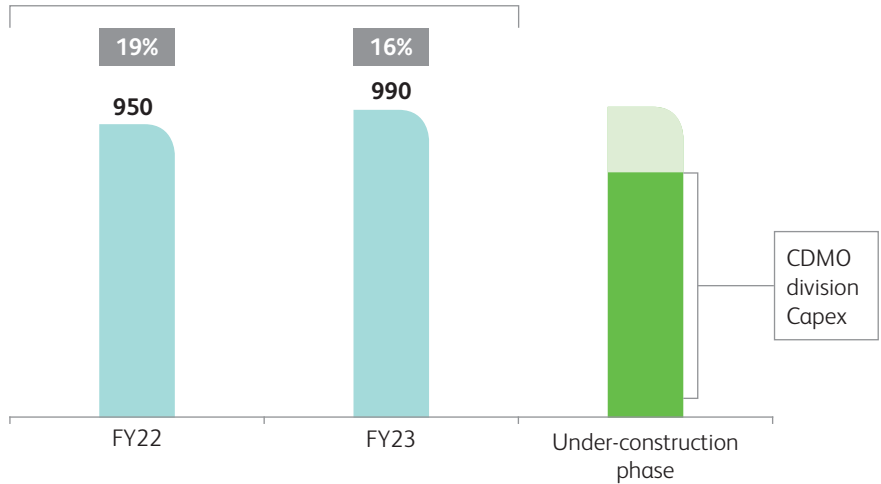
## CDMO, Visakhapatnam:

The Company's CAPEX plans for this plant are focused on expanding their manufacturing capabilities for animal health and Crop Science ingredients at their Visakhapatnam site (LSPL-U2 and LSPL-U4). The dedicated development and manufacturing facility for animal health highlight the company's commitment to meeting the growing demand for animal health products in the market. Additionally, the largescale intermediates manufacturing facility and clinical cGMP manufacturing capabilities focus on developing and manufacturing high-quality, complex products for customers. These investments are likely to increase Laurus Labs' production capacity and enable the company to offer a wider range of products and technologies to the customers, which could result in increased revenue and market share for the company.

## Capex investment

Large part of Capex addition between FY22-23 (mainly FDF & API division) is under ramp up phase; Optimal utilization by FY25

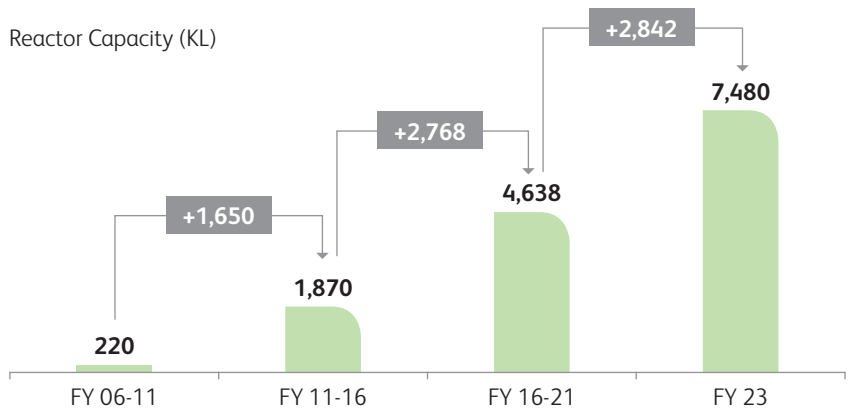
[₹ Crores] ■ % Sales



## Commercial Capacity Progress

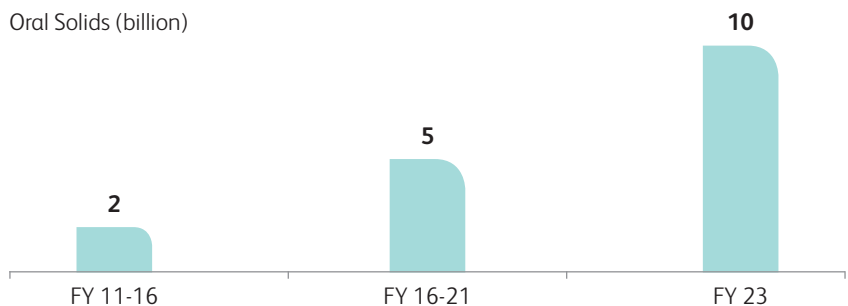
### Reactor Volumes

Reactor Capacity (KL)



### Drug Product Capacity

Oral Solids (billion)



## STRATEGIC OBJECTIVES

To achieve its mission of providing high-quality healthcare solutions to people around the world, Laurus Labs has established four strategic pillars that guide its operations. These pillars are One World One Quality Standard, Research First, Investing Ahead of Times, and Increase Human Capabilities. Each of these pillars represents a critical aspect of Laurus Labs' strategic framework and serves as a guiding principle for the development and implementation of the company's specific strategies. By aligning all its strategies with these pillars, Laurus Labs is able to ensure that it remains focused on its corporate goals and objectives, and continues to grow and succeed in the highly competitive pharmaceutical industry.

### Agile Strategic Approach

With a focus on anticipating and adapting to emerging opportunities and challenges, Laurus Labs has embraced strategic agility as a core aspect of its operations. This involves a continuous cycle of planning, executing, and learning, with a proactive and flexible approach to strategy development. By remaining agile, Laurus Labs is able to quickly adjust its strategies and operations to align with changing market demands and trends, ensuring its ability to remain competitive and achieve long-term success in the rapidly changing pharmaceutical industry.



# REVIEW OF STRATEGIES AND OUTCOMES

## 1 Diversification of Business led by Integrated & R&D first approach

### DESCRIPTION

Business expansion at Laurus Labs has been about expanding business segments. Finding sustainable ways to grow, expanding, and strengthening existing relationships.

With the initial success in ARV API business, Laurus developed competencies in Oncology and other therapies and emerged as full-fledged API Company, Forayed into Formulations to become as an integrated pharmaceutical company. Company continued to have confidence in the CDMO segment and invested significantly in the CDMO arm Laurus Synthesis and Laurus Bio.

#### Generics API-Active Pharmaceuticals Ingredients

Laurus Labs has developed a wide range of in-house APIs and intermediates. With process chemistry skills and state-of-the-art manufacturing facilities, the Company is capable of handling high-potent molecules at both development and commercial scale.

#### Generics FDF-Formulations

The division brings the advantage of a fully integrated approach towards offering formulations globally. This division develops molecules for the global markets and files dossiers to enable several regions.

#### CDMO – Synthesis business

Laurus Labs is a technology-driven Integrated CDMO service Provider from Drug Substance to Drug Products. Its capabilities spans in small molecules

(including highly potent APIs for Oncology, Steroids, Hormone therapies). We support projects from the pre-Clinical phase to commercialisation. Our integrated service offering provides substantial value to our customers as it simplifies interfaces, reduces costs and accelerates timelines across the entire drug development value chain. We also offer commercial capability specialty ingredients for use in Nutraceuticals, Dietary supplements and cosmeceutical products with natural extraction capability.

#### Bio

With precision fermentation and recombinant DNA technology, Laurus Labs has been developing and manufacturing ultra-pure animal origin-free cellculture ingredients for the biopharma industry. This division also caters to high-volume industrial-scale recombinant proteins for food, health, and nutrition markets.

Investments within and acquisitions of companies having significant expertise in core areas have helped strengthen the Bio portfolio and gain access to wider fields of research.

#### OUTCOME

- During FY2023, we delivered substantial improvement across focused growth pillars (CDMO – Synthesis and Generics other than ARV segment) and brought more diversification in business revenues. This is a testament to the value of our strategic focus and growth plans.

- Successful execution of large purchase order with a Big Pharma
- Won several new projects from big pharma partners. Laurus Labs' visibility enhanced to win more business from global clients
- Broad and diversified customer base across business
- Wins Global Fund ARV tender for 2023-25 supplies
- 6,500+ talent pool, including over 1/3rd scientific team (R&D/Quality) supporting growth and diversification
- Total Revenues increased 22% passing ₹6,000 crore mark in FY2023
- CDMO revenues reached record levels at ₹2,167 crores, growing 136% and our Generic non-ARV business increased 45%
- Revenues share from non-ARV business improved to 63% in FY2023 compared to 42% in FY2022
- ARV business declined 22% in FY2023, impacted due to excess channel inventory and severe price headwind
- Bio business recorded 25% growth in sales



## 2 Strong Product portfolio

### DESCRIPTION

Since inception, we have followed the 'research-first' approach, which has been critical to our success. We invest in R&D to develop difficult-to-manufacture products across multiple therapeutic areas within small molecules segment (both Drugs substance and Drug product) in a cost-effective manner with an aim to drive market leadership position and offer sustainable solution to partners.

Laurus Labs has presence across diverse therapeutic areas like ARV, Diabetes, Cardiovascular, Hepatitis C, and Oncology. With an approximate contribution of 62% to revenues, Generic division is the major revenue-generator for Laurus Labs. Both forward and backward integration into the generics business gives an edge in terms of quality, speed and cost which helps in mitigation of the demand supply fluctuations. In an increasingly regulated environment, Laurus Labs ensures reliable continuous supply of products.

Laurus is also developing and sustainably scaling up projects in the small molecules CDMO business and Nutraceutical ingredients, by leveraging its core competencies accumulated over the years. It is our endeavour to expand pipeline projects with overseas small/medium-sized innovative drug companies and develop Big Pharma relationship

### OUTCOME

- 75+ successful launches across DS/DP
- 130+ Filings made till date globally. Accelerated product filings in the high growth therapies like anti-diabetic, cardiovascular and CNS
- Sustained global leadership select Generic APIs including ARV portfolio, Oncology, and PPI
- Strengthened R&D pipeline with Addressable market at US\$ 48bn+ (>55% of opportunity in Non-ARVs space)
- Developed strong and wider customer base in CDMO business across US, EU and Japan
- 60+ active projects (Phase I, II and III + CMO).
- 10+ Commercial projects (4 APIs and several intermediates)



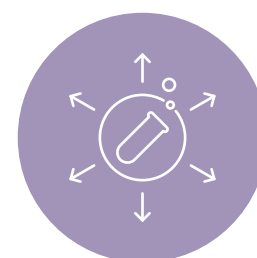
## 3 Market expansion

### DESCRIPTION

Laurus believes in "One Quality Standard for All Markets." Laurus Labs believes that market expansion should have a strategic approach. Laurus is expanding product portfolio as well as expansion of markets.

### OUTCOME

- Brought significant diversification in our Geographical footprint with the share of Developed market (North America, Europe, Japan) revenues expanding to over 60% during the year under review





# REVIEW OF STRATEGIES AND OUTCOMES

## 4 Build large scale capacities and Invest in businesses with high growth potential

### DESCRIPTION

At Laurus Labs, we emphasise on progressively building up technical and commercial capacity to lay a solid foundation for future growth. Our approach to Investing in dedicated and large-scale manufacturing capacities provides several competitive advantages and positions us to address the growing demand for Generics category for High growth portfolio (diabetes and cardio-vascular segments) while also supporting demand for new CDMO – Synthesis opportunities across its wider customer base. In addition, the Company endeavours to strive towards building cost leadership through scale and process chemistry

### OUTCOME

- Enabled 200+ Global clients and 6 Innovators through our integrated manufacturing capabilities i.e 10 manufacturing sites and 3 R&D centre
- +28% Capacity expansion in small molecules manufacturing reactor volume to 7.5 million litres.
- Enhanced Drug product capacity to 10 billion units per year

## 5 Robust Compliance and Quality culture

### DESCRIPTION

Laurus Labs has established best in class integrated operating system of R&D, manufacturing, quality control and project management in line with the highest global industry standards, rigorous cGMP quality system and a comprehensive EHS management and QA system. Our focus is to continuously strengthen our compliance culture through consistent investments in people, technologies and processes, supported by continuous training.

### OUTCOME

- 2300+ scientific team across R&D, Quality and Regulatory
- Passed 43 audits by Global major regulators such as USFDA, WHO, PMDA, TGA, EMA, MHRA since inception.

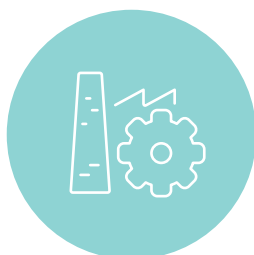
## 6 ESG Strategy

### DESCRIPTION

At Laurus Labs, environmental stewardship essentially drives the business strategy. Through reduction of carbon emissions and addressing climate issues, Laurus Labs creates sustainable value, conserves natural resources, and aids the journey towards a cleaner world. We have also refocused our Environmental, Social and Governance (ESG) KPIs in line with the UN's Sustainable Development Goals.

### OUTCOME

- Recognition from external ESG rating Agencies including MSCI, Dow Jones Sustainability Index (DJSI), CRISIL and EcoVadis.
- Initiated new system certification ISO 50001:2018 across company
- Won Several Awards on EHS practices
- Acquired 26% Stake in Ethan Energy to boost captive RE power



## 7 New opportunities by Cross-Segment synergetic technology

### DESCRIPTION

Capitalizing on accumulated scientific and commercial scale experience, we actively explore new business areas and cross-business synergies in the CMO and CDMO segment offered by strongly linked technology platforms. Extension of our small molecules CDMO service capability to more categories of target market including Animal Health, Agro Chemical Ingredients, Consumer Health should foster new business growth points, further boosting our business stability.

### OUTCOME

- Multi-year partnership with leading Global Lifesciences company for niche APIs in Animal Health – Commercial manufacturing to be initiated in H2 FY2024.
- Agro Chemical Ingredients pilot plant commissioned and Registration batches supplied to a leading global company.
- Uniquely positioned to meet growing global demand for Drug Substance, Specialty Ingredients and Drug Product projects.



## 8 Disruptive approach

### DESCRIPTION

With emerging biopharma taking the lead in developing advanced therapies, the future looks promising for more collaborative partnerships and innovative multi-stakeholder engagement models. Laurus Labs is following disciplined approach to investments in disruptive technologies with goal to invest up to 10% of profits. These could be across innovative treatments such as Cell and Gene therapy (CGT), New process devices, New drug delivery platform like Oral disintegrating films (ODF) and Automation. We will act when the scientific opportunity and the value aligns together

### OUTCOME

- Strategic collaboration with CGT platform Co. ImmunoACT making good progress with establishment of GMP facility for manufacturing CAR-T treatment.
- Access to novel technology and enhance affordability for patients. Lead CAR-T candidate HCAR-19 fast tracked India Phase II/III trials in Lymphoma/Leukemia.
- Filed NDA for novel HIV pediatric product based on new DP platform in ODF. Additionally, the platform is being explored to create innovative pipeline in other wide range of therapeutics.
- Commissioned New Sterile lab – to take on priority projects.



## 9 Access to advanced sustainable platforms

### DESCRIPTION

With profound technical strength, our evolving R&D platform has also started focusing on advanced and comprehensive technologies for future to be used in development and production of small molecules in clinical and commercial phase. These are mainly in the area of sustainable technologies including continuous flow reaction, Enzyme/Bio-catalysis platform, Precision fermentation-based solutions

### OUTCOME

- Developed & optimized Continuous Flow technology in Lab & Commercial scale.
- Increased Customer engagement on Semi-Synthetic manufacturing solutions.
- Implementation of Green Catalyst platform and Expanded Bio-catalysis capacities.
- Accessing new markets by Extending integrated solutions offering in Food, Nutrition, Pharma and Animal health.



# REVIEW OF STRATEGIES AND OUTCOMES

## 10 Deliver on Accelerated CAPEX Investments to support long-term growth and success

### DESCRIPTION

Adhering to the philosophy to 'Invest ahead of Time' the business also accelerated its CAPEX investment program in the last three years which remains focused on driving sustainable growth supported by attractive margins and low levels of risk. We have cumulatively invested over ₹ 2600 crore since FY21 in strengthening our core and Capex intensity remained ~16-17% of Revenues. Large part of Capex addition between FY22-23 was mainly in Non-ARV infrastructure (FDF & API division) which is under ramp-up phase. We plan to invest close to ₹ 1000 crore in FY24.

On the capital allocation framework, our primary focus on organic investments in strategic growth areas (strengthening high margin portfolio, building niche capabilities, and improving operational efficiencies) will continue in creating a long-term value.

### OUTCOME

- Dedicated large scale US\$100mn+ investment in CDMO business on track and expect R&D Centre for Small molecules & High Potent to bring online from late FY24
- Bio manufacturing capacity expanded at R1 and R2 including new R&D block. Additionally, R3 site with ~2Mn Ltr new commercial scale facility is at designing stage (Synthetic Biology, AOF r-protein)
- Enable us to capture market demand by supporting our customers complex needs



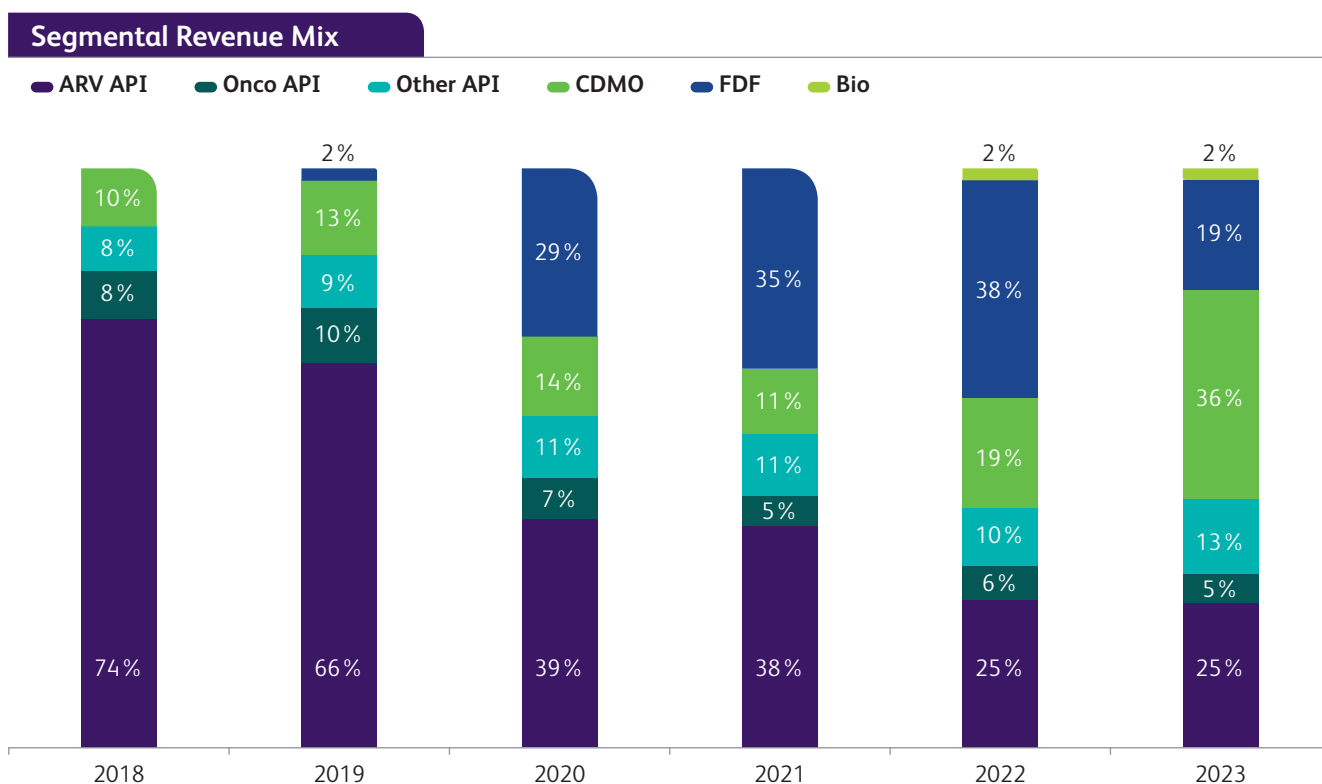
## EXPANDING PRODUCT CAPABILITIES

Laurus Labs, has been able to diversify its product mix and reduce its dependency on a single product by expanding into other high growth business segments. In 2016, the company relied heavily on its ARV API business, which accounted for 82 % of its revenue.

However, since then, the company has been able to significantly reduce this segment dependency by increasing the contribution of the CDMO, FDF and Other API segments to its overall revenue mix while achieving rapid growth in operating revenue and sustained improvement in core competitiveness.

The company's FDF segment has been particularly successful in recent years, with its contribution to revenue increasing from just 2 % in 2019 to 38 % in FY22 however dipping to 19 % in FY2023. Similarly, the revenue contribution of the CDMO segment has also increased significantly, from just 7 % in 2016 to 36 % in FY2023.

The success of Laurus Labs in expanding its product mix can be attributed to its integrated business approach and strategic decision to invest in scientific and manufacturing capabilities in widening product portfolio. This strategy has also helped the company to tap into new markets and customer segments, which has contributed to its overall growth and success.





# RESEARCH AND DEVELOPMENT

Laurus Labs continues to invest in the portfolio with product specific approach, focussing on complexity and scale. It has strengthened its R&D pipeline with its addressable market at USD 48 billion, with more than 55 % opportunity in non-ARVs space. With a diverse portfolio and pipeline including novel and 505b(2) products franchise (ARV, Cardiovascular, Anti-diabetes, CNS, Gastroenterology) we have made good progress in developed market pipeline. We have a specialised R&D team of over 1050 competent researchers and scientists committed to strengthen Laurus Labs intellectual property via excellence and innovation ensuring we stay ahead of industry challenges. follow it up with below headings.

### Green and Semi Synthetic Technology

- Demonstrated bio-catalysis capabilities both at lab and at commercial scale successfully
- Developing novel enzymes and biotransformation tech
- Implementation of Green Catalyst platform

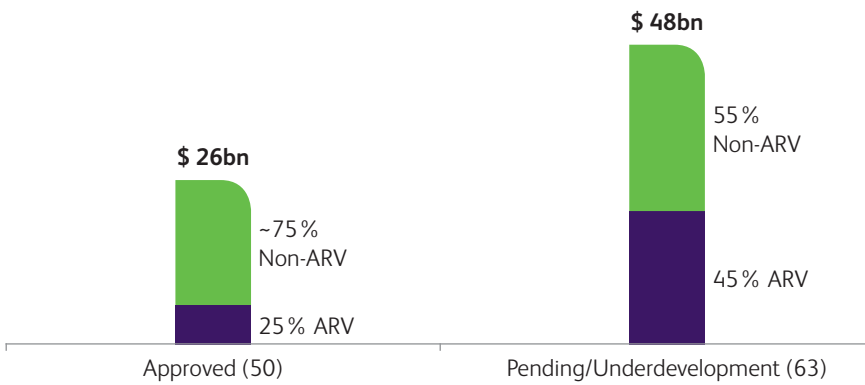
### Process Efficiency and Product Quality

- Developed & optimized Continuous Flow technology in Lab & commercial scale
- Offering one of the largest SMB platforms in Asia
- Implemented fully automated manufacturing line for DS

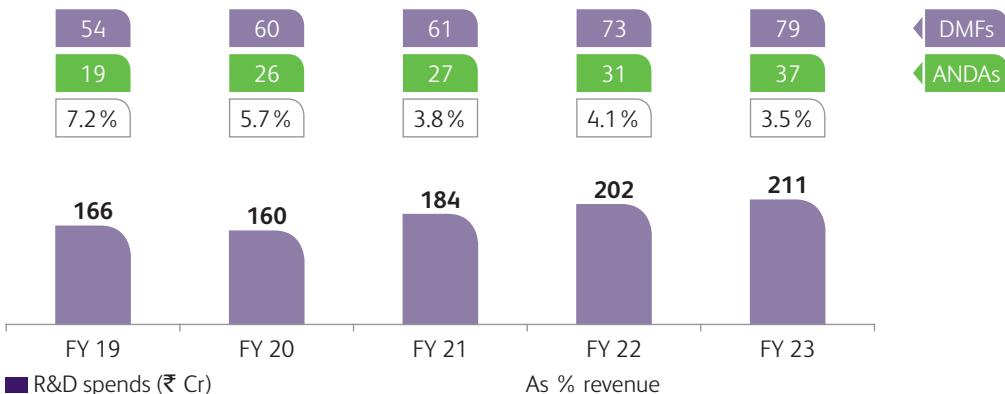
### Drug Delivery and Formulations

- Filed NDA for novel HIV pediatric product based on new DP platform in ODF. Exploring platform to create innovative pipeline in other wide range of therapeutics
- New Sterile Lab operational – working on priority projects

## US/EU pipeline by Addressable market



## R&D spent & Filing trend



## QUALITY MANAGEMENT SYSTEMS



With strong R&D capability, we manufacture quality products that meet standard of major health authorities globally. We adhere to the idea of a single quality standard that applies to all markets. It has put in place a well-defined validation and qualification structure to ensure that systems, facilities, and processes are planned and built in accordance with client needs. There has been on-going improvement of the QMS and implementation across different functions, including R&D, Quality and Technical operations.

A total of 975 quality audits were conducted since inception, with 85+ total regulatory audits and 890+ customer audits. Out of combined regulatory audit we successfully completed 43 audits with 6 major global regulators viz., USFDA, WHO, PMDA, TGA, EMA and MHRA.

Facility	Regulatory Certification	Year started	Last US FDA - Inspection status	No of USFDA audits (since inception)
<b>Kilo Lab - R&amp;D</b>	USFDA, TGA, KFDA, PMDA, ANVISA Brazil	2008	2021 - USFDA	4
<b>Unit 1</b>	USFDA, TGA, MHRA-UK, KFDA, WHO-Geneva, PMDA, NIP-Hungary, Russian GMP, Mexican, ANVISA	2008	2019 - EIR Received	6
<b>Unit 2</b>	USFDA, BGV-Hamburg, WHO-Geneva, ZAZIBONA, Tanzania-FDA, NDA-Uganda, PMPB-Malawi, KENYA, MCAZ-Zimbabwe, JAZMP-Slovenia, Ethiopia-FDA, Kazakhstan, EMA	2016	2023 - Response Submitted	5
<b>Unit 3</b>	USFDA, WHO-Geneva, NIP Hungary, Russian GMP, Mexican, JAZMP-Slovenia, KFDA, ANVISA	2015	2019 - EIR received	4
<b>Unit 4</b>	WHO-Geneva, USFDA & Mexican	2018	2019 - EIR received	1
<b>Unit 5</b>	USFDA	2017	2022 - EIR received	1
<b>Unit 6</b>	USFDA	2018	2018 - EIR received	1
<b>Sriam Labs</b>	None	2018	Nil	Nil
<b>LSPL-1</b>	None	2020	Nil	Nil



# Environment Social and Governance

## 03 Environment, Social and Governance

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# KEY RESOURCES AND RELATIONSHIPS FOR CREATING VALUE

## Financial Capital

The financial capital of the company includes its equity capital (from shareholders or investors), debt capital (from loans or bonds), retained earnings (profits reinvested into the company), and other sources of financing

### OUTCOMES

- Sustained growth in revenue driven by operational performance
- Robust balance sheet
- Sustained cash flow and strong liquidity position
- Long-term value creation for shareholders through increased returns

## Manufactured Capital

Manufactured capital includes facilities, manufacturing plants, R&D Centres, equipment, machinery, and other physical assets used in the production and manufacturing of pharmaceutical products.

### OUTCOMES

- Improved infrastructure efficiency
- Integrity and safety measures
- Sustainable capital investment
- Production of quality products with minimum lead time
- Waste reduction
- Increase in operational efficiency

## Intellectual Capital

Intellectual capital encompasses a range of intangible assets, including patents, trademarks, copyrights, trade secrets, research and development (R&D) capabilities, scientific expertise, proprietary formulations, regulatory knowledge and brand reputation.

### OUTCOMES

- Innovation of new products
- Development and deployment of sustainable and green technologies
- Building robust brand portfolio
- Enhanced quality of products
- R&D spend: **3.5% of total sales**
- **2,300+** scientists and quality team members
- Patents Granted: **208**
- Filed first NDA for novel HIV-pediatric product using oral dissolving films technology
- Commissioned Sterile R&D labs
- Cumulative filings as on date:
  - Filed **37 ANDAs** in the **US**
  - Filed **15 dossiers** in **Europe**
  - Filed **20 dossiers** in **Canada**
  - Filed **9 dossiers** with **WHO**
  - Filed **7 dossiers** in **South Africa**
  - Filed **1 dossier** in **Australia**
  - Filed **20 dossiers** in **India**
  - Filed **23 products** in various **ROW (Rest of World)** markets

### UN SDG Linkage



### UN SDG Linkage



### UN SDG Linkage



## Social & Relationship Capital

The social and relationship capital of the company refers to its network of relationships with customers and collaborations it has established with various stakeholders in the industry and society. Relationship capital also includes stakeholders such as healthcare professionals, investors, key opinion leaders (KOLs), patient advocacy groups, regulatory authorities, suppliers, distributors, and other industry partners.

### OUTCOMES

- Upliftment of the society at large
- Strong business relationship with suppliers and business partners
- Proactive involvement with various government and industry bodies
- Improved Customer Satisfaction/ Acquisition
- Harmonious Employee Relations

## Human Capital

The human capital of the company refers to the collective knowledge, skills, expertise, and capabilities of its workforce. It encompasses the intellectual and creative abilities, experience, training, and qualifications of the company's employees, from scientists and researchers to sales and marketing professionals, regulatory experts.

### OUTCOMES

- Safe & Healthy Workplace
- Engaged & Motivated workforce
- Appropriate/Critical Talent Acquisition
- Harmonious Employee Relations

## Natural Capital

The natural capital of a company refers to the stock of natural resources and ecosystems that provide various benefits and services to the company such as energy, water and other resources from the nature. Laurus Labs is committed to safeguarding the environment by assessing climate risks and transitioning towards a greener future. Sustainability principles are integrated into the company's strategic objectives, ensuring business decisions consider significant factors related to natural capital. The manufacturing facilities comply with quality, environment, and occupational health standards. Waste

### OUTCOMES

- Efforts to alleviate the impact of climate change
- Reduction in environmental footprint
- Water and resource management

### UN SDG Linkage



### UN SDG Linkage



### UN SDG Linkage



## OUR ESG APPROACH AND INITIATIVES

Laurus Labs prioritizes environmental stewardship as a key driver of its business strategy, with a strong focus on efficient capital allocation and advancing Environmental, Social, and Governance (ESG) practices. The company actively works towards reducing carbon emissions and addressing climate issues, emphasizing the creation of sustainable value and the conservation of natural resources to contribute to a cleaner world. Laurus Labs implements various sustainability technologies, including bio-enzyme catalysis and continuous flow chemistry, while investing in green chemistry platforms. Our commitment to ESG is evident in our consecutive "BBB" rating by MSCI ESG Ratings, improved Dow Jones Sustainability Index (DJSI) score, and recognition such as the EcoVadis 'Silver' award for key facilities. The company continues to drive ongoing ESG initiatives, including system certifications, the release of an integrated report aligned with the Business Responsibility and Sustainability Reporting (BRSR) framework, investment in renewable energy through acquiring a stake in Ethan Energy, conducting climate risk assessments, and receiving several awards for our environmental, health, and safety practices. Laurus Labs' holistic approach to ESG showcases its dedication to sustainable practices and responsible business operations.

### Few milestones in our ESG value creation:

- Implementing Sustainability Management across key Sites and Invested into Green Chemistry Platforms - Bio-enzyme catalysis and Continuous flow chemistry
- Initiated new system certification ISO 50001:2018 across Co
- "BBB" rated by MSCI ESG Ratings – among top 20% of Global Pharma Co based on risk tolerance for two consecutive years
- Dow Jones Sustainability Index (DJSI) 2022 score improved by 30 points to 45/100 vs last year. Laurus performance improved across ESG metrics; Environment: 56% higher vs Industry Mean, Social: 42% higher and Governance: 56% higher
- Awarded EcoVadis 'Silver' Rating (Dec-22) to our key facilities vs. 2020 Bronze medal
- Acquired 26% Stake in Ethan Energy India Pvt. Ltd to boost captive renewable power
- Climate risk assessment study completed and adaptable measures being worked out





# ENVIRONMENT RESPONSIBILITY

**Our Commitment:** We are committed to safeguarding the environment we operate and live in. To transition sustainably towards a greener future, we have assessed climate risks in all our facilities. We will keep focusing on setting climate change mitigation targets aligned with the Science Based Targets Initiative (SBTi) framework.

**Our Approach:** To achieve long-term success, we must create value for Laurus Labs, our shareholders, society and the planet. Our core values and emphasis on sustainability drive us towards a cleaner, healthier world. Sustainability is integrated into our value framework to adapt to the changing business environment, meet industry needs and remain relevant through innovation. Doing business sustainably is integral to our purpose and values. Our sustainability principles are embedded in our strategic objectives and guide our business decisions, considering significant factors.

## Quality and Environment

**Management Systems:** 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 manufacturing facilities. External green audits have been conducted on all manufacturing facilities to ensure compliance.

**Waste Management:** Laurus Labs prioritizes sustainable company operations and reducing waste generated at the source. We strive to recycle residual waste and properly handle hazardous waste according to regulatory standards. Our waste management systems and

procedures are regularly monitored to ensure proper treatment. Solvent recovery systems are deployed at our API locations to recover used solvents. We conserve resources and reduce waste through efficient operations. We comply with local, national and global standards for safe handling and disposal of emissions and effluents. Some measures we have implemented to reduce processed waste across all units, returning used batteries to the supplier or recycler and sending e-waste to authorized recyclers.





## Emissions, Energy & Water

Sl. No.		FY2022	FY2023
1	CO <sub>2</sub> emissions under Scope 1 (Direct emissions from owned or controlled sources)	132,250 tCO <sub>2</sub> eq	182,215 tCO <sub>2</sub> eq
2	CO <sub>2</sub> emissions under scope 2 (Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.)	163,134 tCO <sub>2</sub> eq	159,094 tCO <sub>2</sub> eq
3	CO <sub>2</sub> emissions under scope 3 (All the indirect emissions that occur in the value chain)	65,014 tCO <sub>2</sub> eq	73,322 tCO <sub>2</sub> eq
4	Total energy purchased during the year (Coal, natural gas, fuel oil, etc)	<b>Breakup - %</b> Diesel – 1.25 Coal – 62.56 Electricity – 31.98 Steam – 4.21	<b>Breakup %</b> Diesel – 2.72 Coal – 66.38 Electricity – 26.89 Steam – 4.01
5	Renewable energy (solar, rain, wind, bio, rain harvesting)	100,625 GJ	123,514 GJ
6	Initiatives to reduce the consumption of water	<ul style="list-style-type: none"> <li>• Installation of flow restrictors in water lines to washrooms</li> <li>• Installed electrolytic water treatment system for cooling tower</li> <li>• Saved fresh water by utilizing MGF Back wash water to greenery development in and around the plant premises</li> <li>• Using waste steam from the adjacent industry saved water</li> </ul>	
7	Total water consumed	1,312,021 KL	1,385,309 KL
8	Water recycled	-	21,900 KL
9	How the recycled water is used	Steam condensate treated with RO and mixed bed again taking back to the boiler usage.	



**1250 tree saplings planted** at plant locations

**30,000 trees were planted** as part of “Green Visakha” program by Government of Andhra Pradesh



# OUR APPROACH TO CLIMATE CHANGE

Climate change-related risks and opportunities are part of the business strategy at Laurus Labs. The potential risk and opportunities perceived by the management are as follows:

## Risks:

- Increase in extreme weather events such as hurricanes, floods and wildfires can disrupt supply chains, manufacturing facilities, and research and development activities of pharma companies.
- Changes in temperature and precipitation patterns can affect the distribution and spread of diseases, which can increase the demand for certain drugs or vaccines.
- Rising sea levels and coastal erosion can damage infrastructure and facilities, leading to increased costs and disruptions.
- Climate-related regulatory changes can affect the pricing and reimbursement of drugs, as well as the approval process for new products.
- Increased public awareness and concern about climate change can lead to reputational risks for pharma companies that are perceived as not taking enough action to reduce their carbon footprint.
- Climate change is known to impact employees' health and wellness.

## Opportunities:

- Increasing demand for drugs and vaccines related to climate change impacts such as infectious diseases, respiratory illnesses and mental health.
- Development of new treatments and therapies that address the health impacts of climate change.

- Integration of sustainability and climate change considerations into the overall business strategy can enhance reputation, attract investors and improve employee morale.
- Investment in renewable energy, green infrastructure and energy efficiency measures can reduce costs and increase operational efficiency.
- Collaboration with other sectors to address climate change can lead to new partnerships and opportunities for innovation.

## Governance approach to climate change

### Board Supervisory System for Climate Change Risks and Opportunities:

- Building a resilient company by safeguarding it from vulnerabilities and potential impacts is critical.
- Strategic intent is to embed a risk governance practice that is of the highest standards.
- A well-established Risk Management Committee appointed by the Board monitors and develops the Company's risk management practices and policies.
- The Risk Committee reports to the Board on its progress periodically.

## The Role of Management in Assessing and Managing Climate Change-Related Risks and Opportunities:

- Robust Risk Management Framework enables effective management of risks throughout the value chain.
- Periodic horizon scanning and monitoring are required in this ever-evolving sector.
- Identification and assessing of material risks associated with the business is critical.
- Risk management policies assist in anticipating risks early and creating a risk management plan.
- Policies are periodically reviewed and enhanced based on the Company's requirements and sectoral changes.

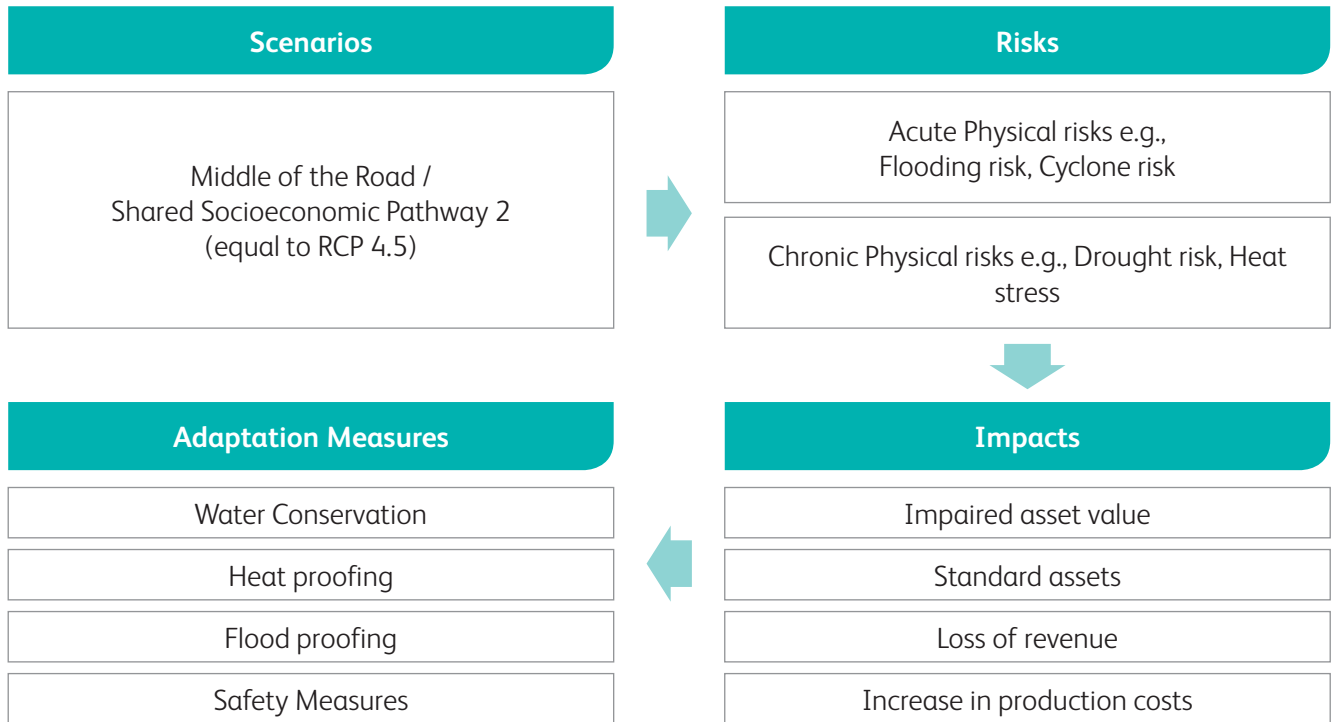
## Strategy

### Short-, Medium-, and Long-term Climate-related Risks and Opportunities Identified by the Organization:

Our organization has recently completed its first physical climate risk assessment, which identified climate risks that may impact the organization in the short, medium, and long term over the next 30 years. The assessment covered all Laurus facilities in Vizag, including seven facilities, R&D centre and corporate office in Hyderabad, as well as Sriam and Laurus Bio Pvt Ltd.



## Climate Risk Management Framework



### Process for identifying and assessing climate-related risks

Projection of future emissions and human factors influencing the climate is a challenging task. The IPCC recommends utilizing a range of scenarios with diverse assumptions about future economic, social, technological and environmental conditions. These scenarios can help estimate possible ramifications of global climate change.

To assess physical risks until 2020-39 and 2040-2059 for all our business units, we employed SSP 2- RCP 4.5 as a scenario. The climate risk assessment utilized several indicators, including maximum and minimum temperature, precipitation, the number of very hot days (Tmax > 35°C), the largest 5-day cumulative precipitation, the maximum length of consecutive dry and wet spells, the number of heating and cooling degree days (ref 65o F), relative humidity, water stress, cyclones, change in wind speed and sea level rise. This comprehensive approach helped us identify and assess climate-related risks effectively.

### Greenhouse gas emissions and related risks

As a responsible and resilient business organization, Laurus Labs recognizes the potential impact of climate change on the environment, society, governance and the economy. We understand that climate change can adversely affect our health, lifestyle, ecosystems and natural habitats, and significantly alter weather patterns. Climate change is undoubtedly one of the most significant challenges facing the planet today.

At Laurus, we take our responsibility seriously and are committed to reducing greenhouse gas emissions by managing our energy consumption from fossil fuels using the latest technologies, switching to cleaner sources of fuel and expediting the transition to renewable energy. We firmly believe that our actions can make a significant difference in mitigating the effects of climate change and building a sustainable future.

### We used the following indicators to manage climate-related risks and opportunities:

- Greenhouse gas emissions (Scope 1, 2, 3)
- Total non-renewable energy consumption
- Total renewable energy consumption



# HUMAN RESOURCE



The key HR priorities for Laurus Labs include strategic alignment, cultural nurturing, and engagement enhancement. HR focuses on developing and implementing strategies and initiatives that align with Laurus Labs' mission, vision, values, and overall business strategy. This ensures that HR activities are in line with the larger goals of Laurus Labs. Cultural nurturing is another priority, aiming to foster a strong organizational culture that permeates across all levels of team members. This involves promoting shared values and creating a sense of belonging among employees. Engagement enhancement is a continuous effort to improve colleague engagement, creating a motivated and committed workforce.

## KEY LEADERSHIP INITIATIVES:

Laurus Labs has undertaken several leadership initiatives throughout the

year. Leadership trainings have been conducted, including programs such as key leadership training for newly appointed directors from the Institute of Directors. A year-long leadership development program (LDP) has been implemented for the top 25 individuals to enhance their leadership qualities. Additionally, a management development program (MDP) spanning a year has been designed for middle management teams across all functions, focusing on improving cross-functional collaboration and management skills. The top 25 individuals also receive executive coaching to enhance their leadership capabilities. Furthermore, Laurus Labs has implemented a mentoring program called "Sanchalak" - The Guide, which pairs new hires with experienced employees to provide guidance and support during their initial three months.

## SKILL & PERSONALITY DEVELOPMENT INITIATIVES:

Laurus Labs has implemented various initiatives to facilitate skill and personality development among employees. Trainings on career progression plans are provided to employees based on their individual growth strategies, enhancing their skills and knowledge. The management development plan (LDP-MANTHAN) is a 10-month program designed for selected employees to further develop their managerial abilities. Additionally, the employee assistance program (EAP) - "A Healthier and Happier YOU" has been established to address employee well-being through counseling services and monthly workshops.

## ONGOING INITIATIVES:

Several ongoing initiatives contribute to Laurus Lab's HR efforts. These include the EAP program, Laurus Ignite program, women's day celebration, summer camp for employees' children, ongoing safety-related trainings, and the Sanchalak - The Guide mentoring program. These initiatives aim to create a positive work environment, support employee well-being, promote growth and development, and ensure a safe and inclusive workplace.







**KEY OUTCOMES:**

The key outcomes of these HR initiatives at Laurus Labs include improved collaboration, increased retention rates, enhanced employee loyalty and responsibility, mutual respect among team members, strengthened knowledge and expertise, more effective leadership, healthier employees, improved employee safety, and increased productivity.

**KEY INITIATIVES FOR RETAINING AND ACQUIRING TALENT:**

To retain talent, Laurus Labs has implemented various initiatives. These include offering comparable salaries with peer group pharma companies, providing medical insurance, free lunch, and free transportation, implementing an employee stock option scheme (ESOP), and introducing long-term service awards. Creating a conducive and professional work environment is also prioritized, which involves participative management, well-laid-out policies and procedures, as well as whistle-blower and Prevention of Sexual Harassment (POSH) policies. Employee engagement is enhanced through initiatives such as annual sports celebrations, family day annual celebrations, and feedback mechanisms.

In terms of talent acquisition, Laurus Labs has established an industry-academia partnership, collaborating with universities for internships and job offers to desired candidates. Additionally, Laurus Labs conducts direct recruitment, hiring fresh post-graduates from reputed colleges and recruiting experienced professionals from open sources.

**KEY HR INITIATIVES DURING THE YEAR WITH SPECIFIC PURPOSE:**

Laurus Labs has undertaken several HR initiatives throughout the year with specific purposes. One such initiative is the Great Places to Work Survey - DARPAN, which involves conducting an employee survey to gather feedback and implement changes that enhance employee engagement and retention. Long-term service awards have also been introduced to retain talent and recognize long-term commitment. The employee assistance program (EAP) - "A Healthier and Happier YOU" is another initiative that provides support for preventing and managing chronic illnesses, reducing stress, and improving overall well-being.

**COMMUNITY VOLUNTEERING:**

Laurus Labs has actively engaged in community volunteering works throughout the year. These initiatives include the Life for Environment Cycle Ride, eco-friendly Ganesh idol distribution, Laurus Spandana (a group dedicated to helping the needy and deprived members of society), and the renovation of school premises. These activities demonstrate Laurus Lab's commitment to social responsibility and community engagement.

**KNOWLEDGE MANAGEMENT:**

Knowledge management is a vital aspect of HR activities at Laurus Labs. To facilitate knowledge sharing, several initiatives have been implemented. These include the weekly release of environmental health and safety (EHS) tips to raise awareness among employees. The

Laurus Ignite and Sanchalak Program allows senior management to share their experiences and journey of success with new employees. Additionally, Laurus Labs releases monthly newsletters on intellectual property (IP) to educate employees on patents through the IPM Newsletter. Regular communication is ensured through employee communication mailers, addressing updates and strategies. The CEO also communicates Laurus Lab's strategy, progress, and future plans through increment letters and addresses employees and their family members during family day celebrations to share the organization's progress and vision. The Laurus intranet serves as an internal platform for sharing current happenings and information.

**MEASURING HUMAN CAPITAL ROI:**

To measure HR/human capital return on investment (ROI), Laurus Labs uses the following tools: HR Cost as % of Sales: This metric calculates the HR cost as a percentage of total sales, providing insights into the efficiency and effectiveness of HR operations. Revenue per Employee: This metric assesses the revenue generated per employee, indicating the productivity and contribution of each employee to Laurus Lab's financial performance. EBITDA per Employee: EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) per employee measures the profitability per employee, reflecting Laurus Lab's ability to generate earnings considering its operational costs.



# CORPORATE SOCIAL RESPONSIBILITY

At Laurus Labs, we uphold the values of being responsible corporate citizens, recognising our duty to the environment and the community in which we operate. In adherence to the Companies Act, 2013, and the Companies (Corporate Social Responsibility) Rules, 2014, mandated by the Central Government, we have embraced a comprehensive Corporate Social Responsibility (CSR) policy.

Our CSR endeavours centre around initiatives in education, healthcare, and the environment. We prioritise these areas, particularly in the geographical regions adjacent to our manufacturing facilities. By focusing on education, we aim to empower individuals with knowledge and skills, providing them with better opportunities for a brighter future. Through our

healthcare initiatives, we strive to enhance the well-being of communities, ensuring access to essential medical services and promoting preventive healthcare practices.

Furthermore, we are committed to preserving and protecting the environment. Our environmental initiatives include sustainable practices, resource conservation, and efforts to minimise our ecological footprint. By actively engaging in these CSR activities, we aim to contribute positively to society and create lasting impacts.

To ensure the effectiveness and transparency of our CSR initiatives, the CSR Committee of our Board oversees and monitors these activities. This committee ensures that our CSR efforts align with our

core values, business objectives, and the needs of the communities we serve.

At Laurus Labs, we are dedicated to making a meaningful difference through our Corporate Social Responsibility initiatives. We believe that by conducting our business with utmost respect for the environment and the community, we can contribute to a sustainable and inclusive future for all.

## Initiatives During FY23

Laurus Labs was able to demonstrate a significant commitment to CSR activities across various sectors. The highest expenditure is on healthcare initiatives, followed by education, environmental sustainability, and sports promotion. By investing in these areas, Laurus Labs is actively fulfilling its corporate social responsibility and contributing to the well-being of society. The total expenditure on CSR initiatives is ₹ 17.90 crores.

## Promoting Healthcare:

Laurus Labs has undertaken various initiatives to promote healthcare, including support to 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.





The total expenditure on healthcare initiatives amounts to ₹ 4.62 crores.

**Promoting Education:**

Laurus Labs has focused on promoting education through activities like supporting school teachers' salaries, providing stipends to students at Gitam University and Krishna University, and contributing to projects like Connect to Andhra and the modification of schools in Moguluru.

The total expenditure on education initiatives amounts to ₹ 7.40 crores

**Ensuring Environmental Sustainability:**

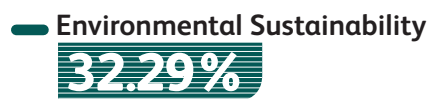
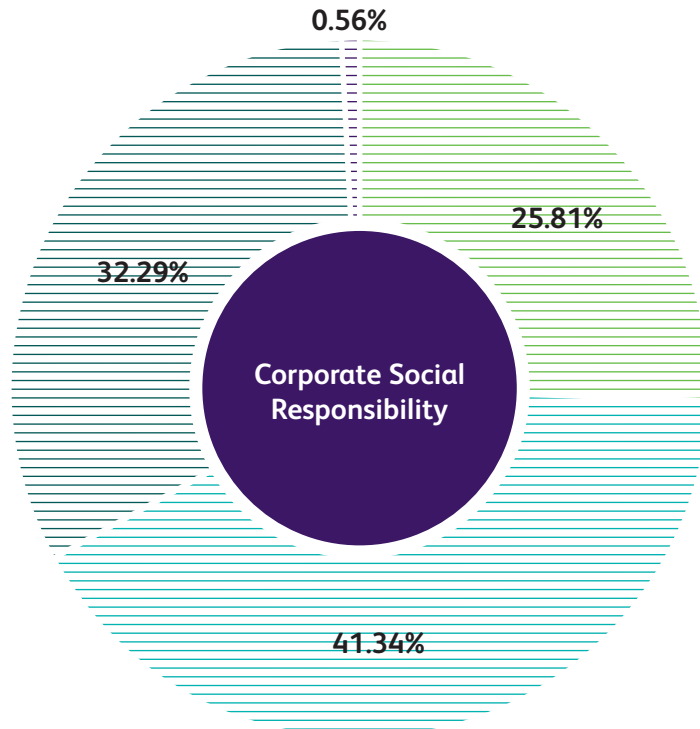
Laurus Labs has emphasised environmental sustainability through partnerships with organisations like ICRISAT, TTD Gardens, and the People for Animals Welfare Association.

The total expenditure on environmental sustainability initiatives amounts to ₹ 5.78 crores.

**Promoting Sports:**

Laurus Labs has made a contribution to golf sports sponsorship.

The total expenditure on sports promotion amounts to ₹ 10 lakhs.





# MANAGEMENT DISCUSSION AND ANALYSIS



## GLOBAL ECONOMIC LANDSCAPE

In the past two years, organizations worldwide faced viral storms and an economic downturn, making sustainability and profitability challenging. The global growth rate is expected to sharply decline to 1.7% in 2023 due to factors like inflation control measures, weak financial systems, the Russia-Ukraine crisis, geoeconomic fragmentation, and other headwinds affecting emerging markets. This slowdown, three years after the 2020 pandemic, may lead to a recession, worsened by financial instability caused by weakening investments, corporate defaults, and vulnerable financial systems. In Q2 FY2023, high inflation led to increased interest rates and slowed economic activity, while Q3 and Q4 saw continued stringent monetary policies and declining commodity prices. However, inflation remains above central bank targets due to pricing pressures, supply shocks, currency depreciations, and tight labor markets in some countries. Global trade slowed in the second half of FY2023 for industrial production but prospered in services. Banking sector vulnerabilities emerged, with bankrupt regional banks in the USA and the collapse of Credit Suisse hinting at a global financial crisis. The world's potential growth is expected to hover around 2.2% in this decade, potentially leading to a 'lost decade' of growth. Policy makers now face challenges with inflation, low growth rates, and financial instability. Pharmaceutical companies are reconsidering supply chain and manufacturing decisions, focusing on operational strategy to address long-term externalities like high inflation and increasing risk factors. These challenges add to persistent pricing pressures, especially in generics. Amidst these circumstances,

pharma companies must prioritize operational restructurizing, digital acceleration, advanced analytics, product innovation, and developing solutions for testing and critical care.

## INDIAN ECONOMIC LANDSCAPE

India, Asia's third-largest economy, showed resilience despite growth moderation in H2 FY2023. It remains one of the fastest-growing economies, surpassing China in population. Average economic growth was around 6.9%, driven by robust investments, government capex, and increasing private consumption. Inflation hovered around 7%, with a narrower current account deficit in Q3 FY2023 due to flourishing service exports and a marginal commodity price slowdown. Merchandise exports rose, but slower. Electronics exports increased 57% as major players established production units, following the China+1 strategy.

India faced challenges like easing commodity prices, weakened pandemic-era demand, manufacturing weakness, fading base effect, tightening financial conditions, volatility, capital flow reversals, depreciation, and global trade slowdown. Strong macroeconomic fundamentals provided protection.

The growth rate forecast for the upcoming fiscal is around 6.3%, slower due to sluggish private consumption, higher borrowing costs, and reduced government consumption after fiscal support withdrawal. India expects better resilience, with inflation decreasing to 5.9% in FY2023. Reduced deficits, stable debt-to-GDP, declining current account deficit to 2.1% from 3%, and a well-capitalized banking sector yield positive outlook. Caution required for global developments and spill-overs.



## GLOBAL PHARMACEUTICAL INDUSTRY

As per studies by FICCI, the global pharmaceutical industry is estimated to reach a value of USD 1 trillion by 2023.

Supply chain disruptions and the repeated lockdowns in China have all led to rising prices of raw materials, viz. active pharmaceutical ingredients (APIs), key starting materials (KSMs) and other essential inputs like solvents, energy costs, freight costs and costs of packaging material and continuous pricing pressure in the US generic market. While prices of APIs have risen from 25% to 120%, prices of excipients correspond to almost 15% to 200% rise and packaging materials 25% to 100%.

Though pricing pressures in US and European markets will hinder rapid growth, certain other factors will command healthy growth in emerging and developing markets.

The growth in the global generic pharma market is attributed to favourable policies aiming to reduce the overall cost of healthcare and make healthcare more accessible to patients. Generic drug production is being encouraged by governments and regulatory bodies across the world in order to fulfil the above-mentioned twin objectives.

The US is the largest market for generic drug manufacturing. The generics industry is facing competition and pricing pressures due to excessive supply in the market. This is resulting in sales loss of many players and financial pressures are being experienced in the post pandemic area. Price erosion in the US markets and headwinds arising from US drug regulatory compliance issues are a cause of concern for the pharma companies.

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## SOME FEATURES/TRENDS OF THE GLOBAL GENERICS MARKET

### Diluting manufacturing standards

Price competition, at times, results in relaxed manufacturing standards and hence sub-standard quality products, resulting in increasing number of generic medicine recalls.

### Expansion in emerging markets

New opportunities in emerging markets especially Africa has scope for high growth. This is reflected mainly due to rapid urbanization, improvement in infrastructure of logistics, increasing investment in healthcare sector, rising consumer demand, geopolitical stability and regulatory changes.

## Injectable generics

The R&D community has started vouching for injectable generics due to their advantages in terms of dosage, quality, strength and quicker research cycle, in addition to aging population, rise in lifestyle diseases and shortages of some medicines.

## Outlook for the Global Pharmaceutical Industry

While witnessing collaboration and adapting innovative approaches and migrating from pre- to post-pandemic era, across the world, the industry has been delivering quality medicines continuously.

Untamed inflation tops the list of concerns in FY2024. Navigating through a path of gradually falling inflation from threatening high levels, in nations outside the US, is terminating into higher input costs and other inter-linked challenges. This has resulted in longer than current baseline predictions like volatile material prices, expenditure constraints and renewed supply chain disruptions influencing drug pricing strategy. Companies will have to focus on budgeting and resource allocation. In the long and complex value chain in the pharmaceutical industry, proactive quality management system is the need of the hour and will be highly significant in the coming years.

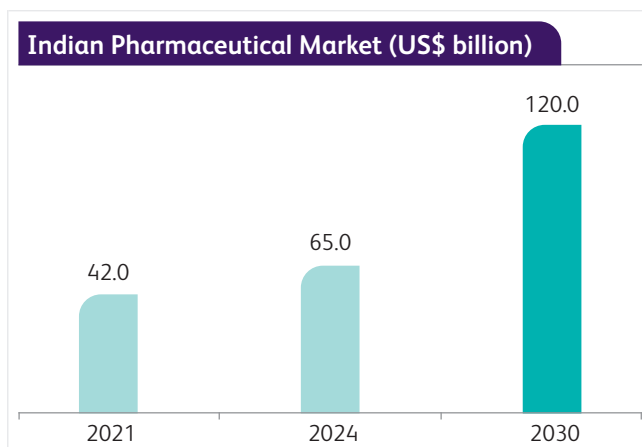
A notable feature is a decline in the sales of the pharmaceutical sector in the developed nations, which is leading the companies to move to emerging markets and developing countries for revenue generation and growth. Competitive strategies with a blend of global approach customized to local markets will drive innovation.

In a nutshell, pharma companies are geared up with forecasting and strategizing methods to take advantage of the economic rebound and stabilization of the cost drivers by end of coming financial year.

## INDIAN PHARMACEUTICAL INDUSTRY

The Indian pharmaceutical industry has history steeped in itself since the 1970s, when the first Patent Act for products was passed. Since then, with the liberalisation of markets in the 1990s, India becoming a major destination for manufacture of generic drugs, the National Pharmaceutical Pricing Policy (NPPP) in 2012, National Health Policy Draft in 2015 to the more recent Pharma Vision of 2020 to make India a global manufacturing hub, India has the potential to generate close to USD 200 billion value in the next 10 years.





Source: IBEF, November 2022

Today the industry ranks third in terms of volume and fourteenth in terms of value globally. The industry has exhibited CAGR of 8-9% during FY2017 to FY2022 and a year-on-year growth of 5-7% in FY22, inspite of stable exports at US\$ 24.6 billion, thus demonstrating the power of domestic consumption being the force behind this growth.

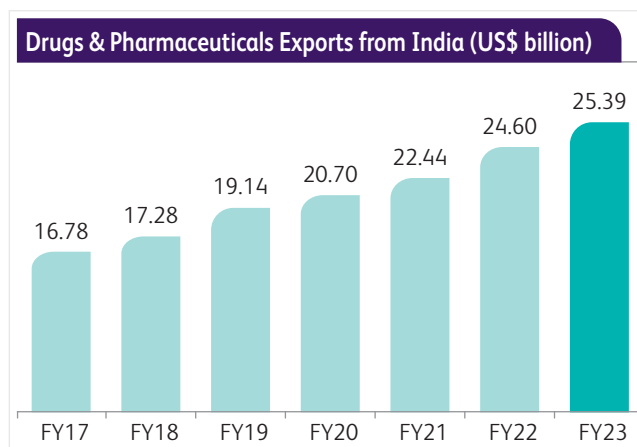
India has an established domestic pharmaceutical industry with a strong network of 3,000 drug companies and approximately 10,500 manufacturing units. The Indian biotechnology industry is built by approximately 600+ core biotechnology companies, 2700+ biotech start-ups and 100+ biotech incubators.

According to the Indian Economic Survey 2023, the Indian pharmaceutical market is expected to triple in the coming decade. India's domestic pharmaceutical market stood at USD 48 billion in 2022 and is likely to reach USD 65 billion by 2024 and further expand to reach USD 120-130 billion by 2030, growing at a CAGR of almost 22.4%. The Indian biotechnology industry, comprising of biopharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics, was valued at USD 70.2 billion in 2020 and is expected to reach USD 150 billion by 2025. India is also the second largest in the world in terms of manpower in the pharmaceutical and biotech sector. In FY2022, the country generated a trade surplus of USD 15.8 billion in the sector.

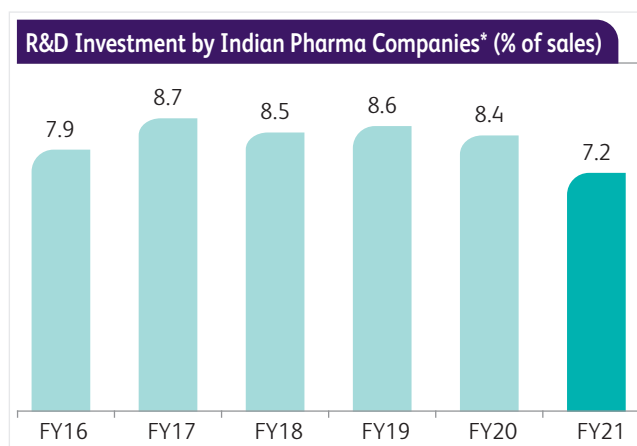
The pharma sector in India is categorized into: Production of generics, Marketing of generics, Marketing of innovative medicines and Manufacture of APIs; the primary focus being on the APIs till the recent past. However, there is a paradigm shift happening with the focus shifting to development and innovation medicines.

India's drug pricing authority has allowed a price hike of 10.7% for scheduled drugs, considering the increase in the cost of production. This could probably offer support to the profitability of the pharma sector to some extent. Additionally, the recent sharp depreciation of the Indian rupee against the US dollar is also expected to enhance the profitability of the sector, considering it is a net exporter.

In the global pharmaceuticals sector, India is a significant and rising player. India is the world's largest supplier of generic medications, accounting for 20% of the worldwide supply by volume and supplying about 60% of the global vaccination demand. Indian drugs are exported to more than 200 countries in the world, with the US as the key market.



Include 24.59 in the graph



Source: IBEF, November 2022

The Indian pharmaceutical industry functions on the basis of key areas of the value chain like manufacturing, product development and process innovation. Ample opportunities exist across geographies as well as product classes for the Indian pharmaceutical players to chart an accelerated growth path.

The pharma exports have also exhibited an upward trend since the last five years inspite of global trade disruptions. On the same lines, cumulative FDI inflows in the sector also exhibited positive momentum over the last five years.

From the point of view of the pharmaceutical sector, India has the dual advantage of scale and reach; the former being possible due to relatively lower cost of manufacturing and the latter being possible due to the abundant availability of a highly skilled workforce able to produce quality products.

The enactment of the Generic Drug User Fee Act (GDUFA) in 2012 in USA was followed by an increase in the approval rate for Abbreviated New Drug Application (ANDA) for Indian generics over the past few years. But recent times have seen an increase in competition and steady price erosion.

The pharmaceutical sector encountered a decline in both year-on-year and quarter-on-quarter PBILDT1 margins and operating profit margins in H1 FY2023, which could be attributed to continuing increase in the cost of APIs, KSMs, packaging material, freight and compliance. But H2 FY2023 witnessed a rebound in the PBILDT margins, partly because of the reduction in the pace of price erosion in the US generic market and partly due to further depreciation in rupee. This jointly had a positive impact

on the export-oriented sector. Since the sector has very little dependence on external debt, the credit profile of pharma companies is expected to remain convincing.

*Source: Ace Equity and Care Edge Ratings. The PBILDT percentage (Profit before tax, interest, lease rentals depreciation and taxation) is of 186 pharma companies, representing almost 85% of the overall pharma market.*

Despite these headwinds, Indian pharma exporters managed to achieve year-on-year growth.

### Outlook for the Indian Pharmaceutical Industry

Pursuing a dynamic strategy of intra-industry partnerships, extensive emphasis on research, innovation and development, increase in licensing technologies and assets from startups are some of the approaches that could be undertaken by the Indian pharmaceutical companies.

ICRA research shows that domestic pharma companies are expected to register a growth of 6% to 8% in revenues in FY2024. The operating profit margin, however, is estimated to drop slightly due to inflationary pressures.

The Indian pharmaceutical industry is on an upward growth track and India is in a position to claim the spot of the world's most preferred pharma destination in the coming years.

## COMPANY OVERVIEW

### Laurus Labs Limited

Laurus Labs Limited is a science-led, integrated pharmaceutical manufacturing company based out of India, focussed on sustainable growth. An unwavering commitment towards its philosophy of providing uniform quality medicines for all markets across the globe and a strong appetite for investing ahead of time, Laurus Labs captures the quintessential essence of Enhancing its Capabilities towards Ensuring the Future. As a R&D first company, Laurus Labs has transformed and diversified based on the possibility of exploring potential growth areas.

Migrating from an ARV API pureplay company to an API company and then forward integrating into Formulations, and then broadening the horizon by delving deeper into Synthesis and Biologicals, thus conceptualizing the term 'Integrated Pharmaceutical Company' for itself, through perseverance and agility over the years.

### Opportunities for the Industry

- Tremendous scope for innovations
- Investments in advanced cell and gene therapy
- Investment in disruptive technology companies and platforms
- Leveraging the patent prospects
- More exposure to international territories and extending footprints in underpenetrated markets
- Optimal utilisation of digitalization
- China+1 strategy
- Gradual migration to product patent-based regime

- Global private equity firms investing heavily in the Indian pharmaceutical sector for greenfield and brownfield investments due to favourable FDI policies
- Large global pharma players entering a joint venture with some pharma companies
- Demographic potential – low cost-efficient skilled labour
- Technical and technological expertise available
- Robust cost-effective manufacturing setup
- Procurement price reduction

### Opportunities/Strengths of the Company

- Tremendous scope for innovations
- Investments in advanced cell and gene therapy
- Excellent chemistry and process engineering skills
- Ability to solidify its position (man, material, reactors and costs)
- Pipeline progress and strong commercial execution in CDMO
- Ramp-up of CMO projects
- Strong scale-up in high-margin portfolio
- Continuous Process Improvement Program
- In house manufacturing of key intermediates
- Well positioned to stabilize ARV sales amidst ongoing challenges
- Growth investments across focused & diversified project portfolio
- Uniquely positioned to meet growing global demand for DS and DP projects

### Threats for the Industry

- Absence of stable pricing and policy environment affecting investment decisions
- Dependence on imports for intermediates
- Quality compliance levels as compared to developed economies
- Litigation/Patent issues for domestic companies
- Emergence of new hubs for generic drug manufacturing
- Pace of innovation to be fastened

### Threats/Weaknesses of the Company

- Moderation in Growth in key export markets like USA (due to price erosion and higher scrutiny from regulators)
- New launch impacted due to delays in regulatory approval
- Excess channel inventory for ARV, affecting its pricing

### Actions needed

Concerted action by all the stakeholders viz. Pharma companies, government and regulatory agencies can help cash in on the opportunities and alleviate the threats to the industry.



- Conducive regulatory environment for increased pharma investment
- Increased budgetary allocations for healthcare sector
- Boost health infrastructure
- Additional focus on API manufacturing and subsequent reduction on imports
- Promote innovation to make India a R&D hub
- Support educational institutions and encourage industry institute partnerships
- Collaboration with regulatory international bodies
- Broadcast the contribution of Indian generics globally
- Facilitate setting up of API parks, hubs and SEZs

## BUSINESS SEGMENTS/DIVISIONS

The major business segments at Laurus Labs are

- I. **Laurus Generics** – Active Pharmaceutical Ingredients (API) and Finished Dosage Form (FDF) – Development, manufacture and sale of APIs and advanced intermediates and oral solid formulations/FDF
- II. **Laurus Synthesis** – Key starting materials (KSM), intermediates and APIs for New Chemical Entities (NCEs)
- III. **Laurus Bio** – Recombinant products – animal origin free products for safer and viral free bio manufacturing

### I. LAURUS GENERICS

Laurus Generics encompasses Active Pharmaceutical Ingredients (Generics API) and Finished Dosage Formulations (Generics FDF). FDFs usually contain an API alongside various inactive ingredients.

#### Generics API

API is a crucial segment of the pharma industry, with around 35% contribution to the market. India is the third largest producer of API accounting for an 8% share of the global API industry. 500+ different APIs are manufactured in India and it contributes 57% of APIs. The Indian API market is anticipated to increase at a CAGR of 13.7%.

*Source: investindia.gov.in*

Currently, even if the APIs are manufactured locally, the key starting materials (KSMs) are still predominantly sourced from China. The Chinese API industry accounts for 40% of the global API requirement and is supported by benefits like higher economies of scale, subsidies and fiscal incentives offered by the government and lower power, fuel and borrowing costs.

As one of the world's leading suppliers of ARV APIs and intermediaries, Laurus Labs is an advanced chemistry skills company, working closely with innovators, global health organizations and providers to meet cost reduction targets, without compromising quality standards.

The Company majorly focusses on anti-retroviral, oncology, cardiovascular, diabetes, gastro and hepatitis C therapeutics.

Possessing expertise in innovative solutions, manufacturing efficiencies and unwavering quality focus has won the Company long-standing relationship with its global customers. Building on its

strong capabilities in chemical development and manufacturing, the Company has developed a wide range of in-house APIs and intermediates. The focus is on chemistry where innovation and efficiency are combined to develop cost-effective and hence affordable processes. Reliable and sustained supply is ensured by regularly investing in building capacities.

Laurus is one of the world's leading suppliers of anti-retroviral APIs and intermediates. The low-cost technologies in this critical segment are enabling access to affordable medicine for patients across the globe.

Oncology is another one of the Company's core competencies and offers a comprehensive range of APIs in this segment. The state-of-the-art facilities at Laurus Labs are capable of handling high-potent materials at both development and commercial scale. Laurus Labs is continuously extending its portfolio by focusing on molecules in diabetes, ophthalmology, and cardio-vascular therapy areas, endeavouring to establish a leadership position.

Laurus Labs offers globally compliant cGMP facilities, along with chemistry expertise, to customers for contract development and manufacturing of APIs and intermediates. It is already a preferred CRAMs partner to several customers, owing to stringent quality and EHS systems, wide operability range (from grams to multi-tonnage scale), robust project management practices and vast contract manufacturing experience. With proven capabilities, Laurus Labs provides end-to-end API solutions to global markets that meet and exceed the quality, regulatory and IP requirements as well as cost targets.

#### Generics FDF

India is the largest exporter of formulations in terms of volume, with a 14% market share. It ranks twelfth globally in terms of export value and a double-digit growth is expected over the next five years.

*\*Source: India Briefing*

With FDF business, Laurus Labs is creating a greater impact on the quality of life for millions across the world. At the heart of its 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.

Laurus has dedicated formulation research labs, laboratory-scale clinical supply facilities and analytical research labs capable of developing different types of dosage forms. The Company creates tangible value for customers by leveraging cost-effective processes and large capacities in the API business. The FDF business builds on the Company's strengths in chemistry research, process chemistry, active pharmaceutical ingredient production and regulatory filings.

The state-of-art oral finished dosage facility in Visakhapatnam, India conforms to international regulatory standards. This facility has a commercial capacity of 10 billion units. The FDF business is in the process of making the Company a leading player in offering integrated solutions to the global market.

#### Outlook for Laurus Labs - Generics

Currently, India is the largest provider of generic drugs in the

world. The manufacture of generic drugs, which has a lion's share of almost 75% of the retail market, has bolstered the growth of pharma sector in India.

The Indian API industry, which has an estimated size of ₹ 1,000- 1,100 billion in FY2023 is expected to grow at a CAGR of 7% to 8% over the next three to four years, attributing this growth to several factors like increasing geriatric population, growing prevalence of chronic diseases and increasing demand for contract manufacturing with global customers looking to diversify their supply chain dependence from China to alternative destinations. The global view of China post pandemic has changed to a large extent and multinational companies are looking forward to reduce dependence on Chinese imports. With the China+1 policy supplemented by the domestic government incentives like the Production Linked Incentive (PLI) for APIs, the Indian API manufacturing has a potential high growth opportunity.

In Generics API, scaling up of anti-diabetic, cardiovascular and PPI portfolio has been supported by demand-based capacity expansion. Laurus Labs is looking at increasing supplies to developed markets and maintain the ARV API position in current product line.

In Generic FDF, despite the pricing challenge, consolidated market share of Laurus Labs is increasing. Equipped with in-house API strength, the FDF segment has developed a niche product line for the developed markets. Monetizing on the diabetic and cardiovascular portfolios with a greater than USD 40 billion-dollar market, Laurus Labs is on a high growth trajectory.

Growth in existing and new CMO contracts in Diabetic and Cardiovascular portfolio across key generic markets is expected. With key product approvals, there is expectation of better visibility in ARV business, inspite of pricing headwinds in ARV APIs and FDFs.

## II. LAURUS SYNTHESIS

Innovative, robust and scalable chemistry is the core strength of Laurus Labs. The Company supports drug development and manufacturing programs for global pharmaceutical and biotech companies at all stages from pre-clinical stage to commercialization. The development and manufacturing teams maintain a tight focus on performance at scale, continuous process improvement, securing and de-risking supply chains to provide an efficient, compliant, cost-effective and long-term commercial drug substance and drug product solutions.

Laurus Labs is well-positioned to meet all NCE Drug Substance and Drug Product needs of clients, from preclinical through commercial manufacturing. The strong analytical chemistry team at Laurus works with the chemical development and tech-transfer teams to provide necessary phase-appropriate support to clients for their drug substance and drug product analytical development needs. The drug product development team at Laurus Labs is well-equipped to develop all types of formulations both for NCEs, Generics and other specialty products. The comprehensive analytical infrastructure complements this capability.

### CDMO at Laurus Labs

#### A. Contract Development

#### Drug Substance Services

- Chemical process development (Pre-clinical to P-III/ Commercial)
- Drug substance manufacture, including HPAPIs
- CMC and regulatory filings support
- Custom synthesis

#### Analytical Development Services

- Method development
- Method validation
- Stability studies
- Impurity identification, characterization
- Reference standard characterization

#### Product Development Services

- Pre-formulation studies
- Dosage form development for NCEs
- Formulation development and filing support for NDA submissions

#### B. Contract Manufacturing

##### APIs, Finished Dosage Forms & Starting Material

- Tech-transfer from client sites with project management support
- Securing RM supply chain by continuing existing sources and identifying new cost-effective sources; back-integrating the manufacture wherever necessary
- Custom build and dedicate equipment trains, blocks and manufacturing facilities, wherever necessary

#### C. Niche Solutions

##### HP API

- Extensive experience in handling manufacture of Highly-Potent (Cytotoxic and Steroidal Hormones) APIs & Intermediates both at Pilot scale & commercial scale ; Dedicated cGMP Containment manufacture capability at all scales and across multiple sites.
- Facilities designed for enabling operational containment levels of OEL

##### Chiral Separations

- Conventional column chromatography capability laboratory, pilot and commercial scale; Adequate preparatory HPLC expertise & capacities: Lab-scale (100ml /min) to pilot scale (1000ml/ min) (Agilent & Knauer) & Column packers (Novasep & Asahi Kasei); Pilot scale to commercial scale SMB installations - Novasep varicol 6X50mm @ pilot-scale & 5X300mm @ commercial-scale

#### Collaborative and Integrated Offerings

- Integrated Drug Substance and Drug Product Development



- Dedicated facility deployment and manufacture

Laurus Labs has established a leadership position for itself in the manufacture and supply of nature identical and highly-pure polyphenols (Curcumin, Resveratrol and Pterostilbene etc). It has developed technologies for several key ingredients including carotenoids (Beta-carotene, Astaxanthin), Huperzine A and novel nutraceutical co-crystals of Pterostilbene, Caffeine and Curcumin with enhanced bioavailability and controlled absorption properties.

The Synthesis division also offers Contract Development and Manufacturing services (CDMO) for Global Nutraceutical clientele through contract manufacturing that conform to the international compliance standards prescribed by GMP, Kosher, Halal and HACCP. With manufacturing efficiency and quality rigor that match those of the pharmaceutical APIs, the Ingredients business has gained a reputation for consistent quality and supply assurance.

#### Outlook for Laurus Labs - Synthesis

Strengthening Nutraceutical and Cosmeceutical areas and brining in dedicated R&D centres and greenfield manufacturing units sums up the Laurus Labs outlook for the synthesis division. Acquiring new clients and further solidifying the relationship with existing clients has enhanced its integrated capability in Drug Substance (DS) and Drug Product (DP). Expansion in this segment is on the cards.

### III. LAURUS BIO

The Biotechnology business at Laurus Labs has capabilities in precision fermentation and recombinant DNA technology. Laurus Bio is an integrated, research-driven biomanufacturing organization, with a unique history and experience 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.

Laurus Bio manufactures animal-origin-free recombinant proteins,

growth factors and cell-culture media supplements that are safe, virus-free and sustainable. Its 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.

The unit also offers in-depth fermentation-based product development and manufacturing expertise, as a CDMO service to novel protein companies and bio-manufacturers — from clone development, strain engineering, process development and scale-up to large-scale commercial manufacturing, supporting its customers at every step of the microbial precision fermentation value chain.

By harnessing the power of precision fermentation and synthetic biology, the Company is paving the way for a global shift away from animal-derived products and making medicines and food, safer and more sustainable. The corporate goals are aligned with the goals of the society at large to achieve meaningful and sustainable economic development.

#### Outlook for Laurus Labs - Bio

While the Indian Pharma industry leads in volume globally, it is still on the margins in creating value through innovative technologies such as new molecular/biological entities, cell and gene therapy and precision medicines.

The long-term outlook for the Bio segment is expansion to reach 1 million litres fermentation capacity. Scaling up in alternate food proteins and improving synergies with the parent is expected. Ramp up of new capacity is also expected.

### REVIEW OF OPERATIONS

The R&D driven manufacturing strategy of Laurus Labs across key growth pillars was the driving force in FY2023.

Diversification of its portfolio has helped mitigate risks and offset exposure to a single business segment. The Company's diversification roadmap was on track through the year and it has been executing on its opportunities while at the same time



focusing on what matters for the long term – thus, Enhancing Capabilities, Ensuring Future.

FY2023 was characterized by strong growth led by non-ARV and CDMO segment.

There was significant progress in the year by advancing the scientific capability in offering several key technologies to global customers, including access to technologies like continuous flow chemistry at lab and commercial scale, biocatalysis, continuous chromatography, enzymes development and manufacturing and precision fermentation. Additional advancements have been executed in R&D initiatives, pipeline enhancement, diversification and new capacities for commercial production.

Investment in R&D continued with product specific approach based on complexity and economies of scale. The Company continued to do further developmental work on orally disintegrating film platform, which can be leveraged to create innovative pipeline in other therapeutic areas. The sterile R&D labs, which were commissioned in FY2022, are already into priority projects and development phase for 3 products is expected to be completed in the coming year. With 64 products in the lab development, there is an addressable market size of USD 40 billion.

The approach at Laurus Labs has always been product-specific and not market-specific. The demand for its portfolio of products and scale is robust, giving an impetus to the business.

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Performance across the US markets was good inspite of competition, with Laurus Labs having a high market share on select products and higher sales volume for newly launched products.

### Generics API

Laurus Labs has one of the largest high-potent API capacities in India and it aims to strengthen this further by partnering with global companies. The Company developed scale in API and ARV API segment exhibited robust growth. FY2023 presented a strong and all-round growth for Generic APIs supported by CMO opportunities.

The segment reported overall growth of 28%, supported by the growing CMO opportunities in high-growth APIs. ARV API continued steady momentum and reported 21% growth and witnessed volume led improvement. Non-ARV, non-Oncology (that is other API sales) like cardiovascular, diabetes and asthma have shown an increase of 56% following a rise in new contract supplies. Oncology API revenues witnessed a steady growth of 10%.

The ARV sales volumes and pricing in the generic API business are expected to stabilize and continue to have a leading market share in the current products.

In FY2023, 6 DMFs were filed in non-ARV category, taking the total number of DMFs filed to 79.

### Generics FDF

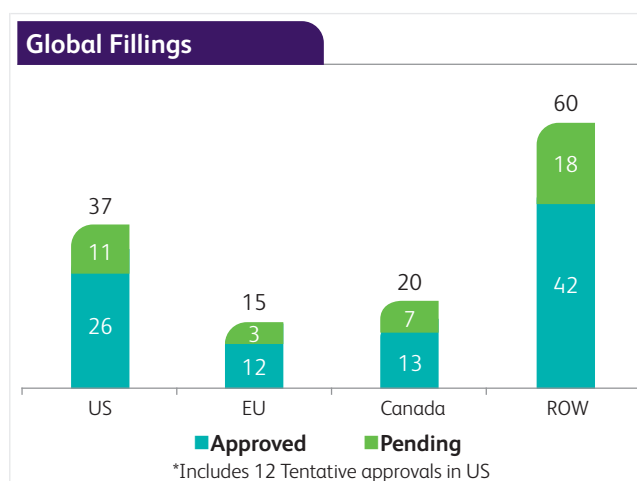
Laurus Labs signed a supply agreement with a Global Fund for ARV drugs for a three-year period from 2023 to 2025. With

this new tender, the ARV revenues and business is expected to stabilize. Two new products in ARV business have been launched and approvals for a few more products are in the pipeline.

Though there was less procurement from global agencies and adverse pricing, ARV sales continued to recover against the previous quarter lows. Investment in Non-ARV FDF infrastructure continued in FY2023 with the total commissioned capacity of 10 billion units.

There has been capacity expansion with small molecules DP capabilities expansion at Unit 2 – by 4 billion unit annually. It was brought online during Q2 FY2023 and a gradual production ramp-up is expected.

The first New Drug Application (NDA) for paediatric HIV based on ODF technology platform was filed with the US FDA during the year, which will complement and supplement the existing basket of products and tentative approval obtained during Apr 23.



In FY2024, Europe business is expected to expand with higher volume of existing products and new approvals from North America will trigger further growth.

During FY2023, the Company filed 13 Abbreviated New Drug Applications (ANDAs) in the developed markets – 6 in USA, 4 in Europe and 3 in Canada.

In USA, the 6 ANDAs filed in the year took the cumulative number of ANDAs to 37, of which 14 ANDAs got final approvals and 12 got tentative approvals. Apart from USA, Laurus Labs has filed 15 dossiers in Europe out of which 6 are launched, 20 in Canada out of which 9 are launched, 9 with WHO, 7 dossiers in South Africa, 1 dossier in Australia, 20 dossiers in India and 23 products filed in various ROW markets.

### CDMO-Synthesis

Synthesis business demonstrated a robust growth of over 136% y-o-y, 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.

After a successful project execution with an MNC at extraordinary speed and scale, Laurus Labs has established itself as one of the key players in the CDMO space. 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).

Baseline project revenues are expected to accelerate and lead the upcoming growth. R&D centre completion by December 2023 and commercial GMP manufacturing for animal health facility from H2 FY24.

## Bio

Laurus Bio displayed strong 25% growth in revenues. The key drivers of the portfolio include AOF proteins and growth factors. The segment was driven by improvement in production downtime and unprecedented growth in CDMO business.

New capacity implemented at R2 is in the ramp up phase and debottlenecking are expected to be completed during Q3 FY2024. A New site R3 is in design finalization phase and is expected to be implemented in a phased manner.

In a nutshell, commitment towards diversification and strengthening of non-ARV portfolio, building niche capabilities, invest in disruptive technologies, backward integration programs and improving operational efficiencies will continue to be in force in creating a long-term value at Laurus Labs.

## REVIEW OF FINANCIAL PERFORMANCE (Consolidated)

In FY23, the Company's operating revenue amounted to ₹ 6,041 crores, representing a 22.4% increase from the previous year. Meanwhile, the Profit Before Tax rose by 2%, reaching ₹ 1,109 crores compared to last year's figure of ₹ 1,084 crores.

An analysis of revenue and expenditure is as follows:

### Revenue

(₹ in crores)	FY23	FY22	Change
Operating revenue	6,041	4,936	22%
Other income	6	15	-60%
<b>Total revenue</b>	<b>6,047</b>	<b>4,951</b>	<b>22.1%</b>

### Business-wise revenue

(₹ in crores)	FY23	FY22	Change%
FDF	1,140	1,880	-39%
API	2,609	2,039	28%
CDMO-Synthesis	2,167	917	136%
Bio	125	100	25%
<b>Operating revenue</b>	<b>6,041</b>	<b>4,936</b>	<b>22.4%</b>

There was a substantial decline of 39% in FDF revenues due to less procurement from Global agencies and adverse pricing. The Company has signed Supply agreement with Global Fund for ARV drugs for 2023-2025 period.

Overall API grew 28% supported by growing CMO opportunities in high-growth APIs. ARV API reported 21% growth and witnessed normalized sales.

CDMO-Synthesis clocked 136% growth benefitted from scale execution with Big pharma in record time; Visibility for Laurus Labs to win more business from global clients is enhanced.

Laurus Bio displayed strong 25% growth; driven by AOF proteins and growth factors.

### Cost of materials

(₹ in crores)	FY23	FY22	Change
Cost of materials consumed	2,596	2,269	
Purchase of stock in trade	156	146	
Changes in inventories	22	(221)	
<b>Total materials</b>	<b>2,774</b>	<b>2,194</b>	<b>26.5%</b>
<b>Operating revenue</b>	<b>6,041</b>	<b>4,936</b>	<b>22.4%</b>
Cost of materials / Operating revenue	45.9%	44.4%	

Cost of materials increased by 150bps, this is largely due to significant realisation drop in ARV portfolio and change in product mix.

### Employee benefits

(₹ in crores)	FY23	FY22	Change
Employee benefits	581	502	16%
% of Revenue from operations	9.6%	10.2%	

The increase in employee costs during FY23 is because of increase in employee strength of more than 550 and annual increments.

### Finance costs

(₹ in crores)	FY23	FY22	Change
Finance costs	165	102	62%
% of Revenue from operations	2.7%	2.1%	

Finance costs increased as the capex and working capital required additional borrowings.

### Depreciation and Amortisation

(₹ in crores)	FY23	FY22	Change
Depreciation and Amortisation	324	251	29%
% of Revenue from operations	5.4%	5.1%	

The increase in Depreciation and Amortisation is due to additions of Plant, property and equipment and intangibles of around 1,080 Crores.

### Other expenses

(₹ in crores)	FY23	FY22	Change
Other expenses	1,093	818	34%
% of Revenue from operations	18.1%	16.6%	

The increase in other expenses by 34% is mainly due to an increase in the manufacturing expenses around 220 Crores.

## Income tax

(₹ in crores)	FY23	FY22	Change
Tax expense	312	251	24%
Profit before tax	1,109	1,084	2.0%
Effective Tax Rate	28.1%	23.2%	

During the year ended March 31, 2023, the Company elected to exercise the option permitted under Section 115BAA of the Income-Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2023 and remeasured its deferred tax assets/liabilities based on the rate prescribed in the said Section.

## FY23 Balance sheet

[₹ Crore]	FY23	FY22	Y-o-Y
<b>Net Fixed assets (incl. CWIP)</b>	<b>3,700</b>	<b>3,209</b>	<b>+491</b>
<b>Goodwill and Intangibles</b>	<b>259</b>	<b>257</b>	<b>+2</b>
<b>Net Working Capital (A+B-C)</b>	<b>2,554</b>	<b>2,238</b>	<b>+316</b>
A. Inventories	1,685	1,760	
B. Receivables	1,580	1,354	
C. Payables	711	876	
<b>Other assets &amp; liabilities (current and non-current)*</b>	<b>-549</b>	<b>-696</b>	<b>+147</b>
<b>Cash and Cash Equivalents</b>	<b>46</b>	<b>75</b>	<b>-29</b>
<b>Equity</b>	<b>4,038</b>	<b>3,351</b>	<b>+687</b>
<b>Debt (current and non-current)</b>	<b>1,972</b>	<b>1,732</b>	<b>+240</b>
<b>Total Net Assets</b>	<b>6,010</b>	<b>5,083</b>	<b>+ 927</b>

\* Provisions, Lease liabilities, Advance from customers, Deferred income tax, accrued corporate tax, etc

### Increase in net fixed assets

- Increase mainly in property, plant and equipment towards capacity addition API and FDF business

### Increase in net working capital

- Better NWC management compared to the Increase in the sales. Overall NWC Increase driven by higher accounts receivables and lower payables partially offset by decrease in Inventories

### Increase/Decrease in Other assets & liabilities

- Decrease led mainly in customer advances and capital creditors

### Increase in Net Debt

- Increase mainly on the long term debt to fund key growth projects across divisions. Working Capital loans largely stable



## Key financial ratios

Type of ratio	Ratio	Calculation	Year ended March 31, 2023	Year ended March 31, 2022
Profitability	EBIDTA margin	EBIDTA / Operating Revenue	26.4%	29.1%
	Net Profit margin	Net Profit / Operating Revenue	13.1%	16.8%
	Return on Net worth	Net Profit / Average net worth	21.4%	27.8%
	Return on Capital Employed	EBIT / Average Capital Employed	23.1%	26.3%
Liquidity	Current ratio	Current Assets / Current Liabilities	1.42	1.25
Efficiency	Debtors Turnover ratio	Operating Revenue / Average Debtors	4.12	3.71
	Debtors Turnover days	Average Debtors / (Operating Revenue / 365)	89.0	98.0
	Assets Turnover ratio	Operating Revenue / Average total assets	0.83	0.78
Leverage	Debt Equity ratio	Debt / Equity	0.49	0.52
	Debt service coverage ratio	PAT+Depreciation+Term Loan Interest / Term loan Interest + TL instalments paid	4.26	5.75
	Interest coverage ratio	EBIDTA / Interest	10.96	16.66
Per share	Earnings per share (Diluted)	PAT / Weighted average number of shares	14.64	15.35
	Book value per share	Equity / No. of shares	74.96	62.21
	Dividend per share	As declared by Board	2.00	2.00

Note: Average is (Opening balance + Closing balance) / 2

## Credit rating

Our rating agency, Care Ratings Limited, re-affirmed the following credit ratings in June 2022 for the Company:

Instrument	Type	Rating
Term loans	Long term	CARE AA; Stable
Fund-based long-term facilities	Long term	CARE AA; Stable
Non-fund based facilities	Short term	CARE A1+
Commercial paper	Short term	CARE A1+
Forward contracts	Short term	CARE A1+

# BOARDS' REPORT

To  
The Members of  
**Laurus Labs Limited**

Your Directors have pleasure in presenting the 18<sup>th</sup> Annual Report of the Company together with the Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March 2023.

## Standalone and Consolidated Financial Highlights:

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2022-23	2021-22	2022-23	2021-22
Gross Income	6,041	4,936	5,773	4,707
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	1,594	1,436	1,487	1,299
Finance Charges	165	102	146	96
Depreciation/Amortization	324	251	301	235
Net Profit Before Tax	1109	1084	1051	975
Provision for Tax	312	252	291	225
Net Profit After Tax carried to Balance Sheet	797	832	760	750
Interim Dividend	--	--	107	107

## Company's Affairs:

### (i) Operations:

During the year under review, the Turnover of your Company increased from ₹ 4,936 Crores to ₹ 6,041 Crores which is around 22% growth with strong mix improvement led by significant progress in CDMO-Synthesis business. This CDMO segment has grown by 136% contributing 36% of total revenues this year as against 19% contribution of total revenues of previous year. Similarly, API business and Bio segments have grown by more than 25% over the previous year. However, FDF division has declined its sales by 39% due to less procurement from Global agencies and adverse pricing,

During the year under review –

- Your Company expanding its business in CDMO segment by attracting more innovator companies including some of the Big Pharma customers. Your company expects to enhance business further from existing and new customers.
- During the year, your Company has invested ₹ 990 crores towards capex and expanded its capacities significantly and further expansion plans of approximately another ₹ 1,000 crores are scheduled to be implemented in FY 2023-24.
- Filed and got approval NDA for novel HIV paediatric product based on new DP platform in ODF.
- Developed & optimized Continuous Flow technology in Lab & commercial scale implementation is underway

- The Company has acquired 26% Stake in Ethan Energy to boost captive Renewable Energy power. The entire capacity of 10 MW power shall be solely consumed by your Company.
- During the year, the Company has also invested ₹ 18.40 crores towards second tranche investment in ImmunoACT which has completed its phase-1 clinical trials in CAR T Technology in the treatment of liquid cancers and progressing very well in its phase-II clinical trials.
- Laurus Bio has completed its expansion plan and started its commercial operations in its Unit-2 thereby boosted its sales reached ₹ 125 Cr mark.
- The Company has spent ₹ 211 crore on its R&D which is 3.5% of revenues. The Company has also filed 6 DMFs and 6 ANDAs during the year.
- The disruptions in business operations due to Covid-19 have been subsided during the year and the Company has reached its normal operations level.
- There was an unfortunate fire accident that took place in Unit-3 which has costed 5 precious lives of associates of the Company and the Company supported the families of these associates in all possible ways including offer to provide employment to family members. Further, the Company took all necessary steps to improve the safety measures to avoid such incidents in future to the best extent possible.

**(ii) Outlook:**

Business prospects may remain positive due to higher prospects in CDMO business. Your Company will realise more revenue from the non-ARV FDF business based on approval to lunch products in developed markets. Your Company also expects to improve in overall ARV business due to raising demand. However, there are still certain logistic and other challenges in the light of global political tensions including Russia-Ukrain war, signs of global economic recession etc.

**Management Discussion & Analysis:**

Various business aspects including market conditions, business opportunities, challenges etc. have been discussed at length in the Management's Discussion and Analysis (MD&A), which forms part of this Annual Report.

**Dividend:**

Your directors are pleased to inform you that the Board has declared the interim dividend @ 40% (i.e. ₹ 0.80 per share of the face value of ₹ 2/- each) and paid to the Shareholders in November, 2022 and the 2<sup>nd</sup> Interim dividend @ 60% (i.e. ₹ 1.20 per share of the face value of ₹ 2/- each) and being paid to the shareholders in May, 2023 aggregating to 100% dividend i.e. ₹ 2/- per share of the face value of ₹ 2/- each relating to the FY 2022-23.

**Transfer to Reserves:**

Your Company did not transfer any portion of profits to Reserves.

**Share Capital:**

During the year under review -

- Company has allotted 12,91,590 (Twelve Lakh ninety one thousand five hundred and ninety only) equity shares of ₹ 2/- to various eligible employees of the Company under Employee Stock Option

Schemes-2016 & 2018 upon exercise of their vesting rights in December, 2022. As a result, the paid up share capital as on 17<sup>th</sup> December, 2022 stood at ₹ 107,73,01,850/- divided into 53,86,50,925 shares of ₹ 2/- each

- Mr. Venkata Ravi Kumar Vantaram, Promoter of the Company has transferred some his shareholding to his partnership firm M/s. Leven Holdings and as a result M/s. Leven Holdings has been inducted as the Promoter of the Company. All the required compliances have been duly complied in this regard.

**Change in the nature of the business, if any:**

There is no change in the nature of the business of the Company or any of its subsidiaries or associates, during the year under review, the Company has incorporated a wholly-owned subsidiary named M/s. Laurus Specialty Chemicals Private Limited for Specialty Chemicals Business.

**Material Changes and commitments, affecting the financial position of the Company:**

There are no material changes and commitments affecting the financial position of the Company that have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report i.e. between March 31, 2023 to April 27, 2023.

**Fixed deposits:**

The Company did not accept any fixed deposits.

**Subsidiaries, Associates and Joint Ventures:**

During the year, the following activities took place at subsidiaries and/or associates level:

- a) The Company has incorporated a wholly-owned subsidiary named M/s. Laurus Specialty Chemicals Private Limited for Specialty Chemicals Business on December 01, 2022.

Therefore, at the end of the year, the status of the subsidiaries/associates is as follows:

Name of the Holding Company	Name of the Subsidiary	% shareholding	Status
Laurus Labs Limited	Sriam Labs Pvt Ltd	100%	WOS *
	Laurus Holdings Limited, United Kingdom	100%	WOS
	Laurus Synthesis Pvt Ltd.	100%	WOS
	Laurus Generics (SA) Pty Ltd.	100%	WOS
	Laurus Specialty Chemicals Pvt. Ltd.	100%	WOS
	Laurus Bio Pvt Ltd.	76.60%	Subsidiary
	Immunoadoptive Cell Therapy Private Limited	26.62%	Associate
Laurus Holdings Ltd., UK	Ethan Energy India Private Limited	26%	Associate
	Laurus Generics GmbH, Germany @	100%	WOS
	Laurus Generics Inc., USA @	50.76% #	Subsidiary

\* WOS means Wholly Owned Subsidiary

@ Laurus Generics GmbH, Germany and Laurus Generics Inc., are step-down subsidiaries of Laurus Labs Limited

# Balance 49.24% is held by your Company.

As per Sec.129(3) of the Companies Act, 2013 the consolidated financial statement of the Company and all its Subsidiaries and Associates prepared in accordance with the applicable accounting standards forms part of this Annual Report. Further, a statement



containing salient features of the financial statements of our subsidiaries and associates in the prescribed form in AOC-1 is attached as **Annexure-1** to the Directors' Report.

#### **Consolidated financial Statements:**

Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of applicable Accounting Standards and the provisions of Companies Act, 2013. As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separately the audited financial statements of its subsidiaries on its website [www.lauruslabs.com](http://www.lauruslabs.com) and copies of audited financial statements of the subsidiaries will be provided to the Members at their request.

#### **Particulars of Loans, Guarantees and Investments:**

The Company has also issued a Corporate Guarantee to the Bankers for the loans sanctioned to Laurus Synthesis Private Limited and for Laurus Bio Private Limited and the guarantees provided are well within the limits prescribed under Sec.186 of the Companies Act, 2013.

#### **Board of Directors and Key Management Personnel:**

As per the provisions of the Companies Act, 2013, Dr. Satyanarayana Chava and Dr. Chunduru Venkata Lakshmana Rao will retire at the ensuing annual general meeting and, being eligible, seek reappointment. The Board of Directors recommends their re-appointment.

#### **Board Meetings:**

The Board and Committee meetings are pre-scheduled and a tentative calendar of the meetings shall be finalized in consultation with the Directors to facilitate them to plan their schedule. However, in case of urgent business needs, approval is taken by passing resolutions through circulation. During the year under review, five board meetings were held. The details of the meetings including the composition of various committees are provided in the Corporate Governance Report.

#### **Performance Evaluation:**

The formal annual evaluation of the performance of the Board as well as non-independent directors was undertaken by the Nomination and Remuneration Committee. The performance of Board Committees and of individual independent directors was undertaken by the Board members.

The manner of the evaluation of the Board and other Committees has been determined by the Nomination and Remuneration Committee as per SEBI circular dated January 05, 2017.

#### **Declaration from Independent Directors:**

The independent directors have submitted the declaration of independence stating that they meet the criteria of independence as prescribed in sub-section (6) of Section 149 of the Companies Act, 2013 as well as under Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Policy on Directors' Appointment and Remuneration:**

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters are adopted as per the provisions of the Companies Act, 2013. The remuneration paid to the Directors is as per the terms laid out in the nomination and remuneration policy of the Company.

The nomination and remuneration policy is adopted by the Board and the salient features of the policy are as follows:

- Non-Executive and Independent Directors ("NEDs") will be paid remuneration by way of sitting fees and commission. The remuneration/ commission/ compensation to the NEDs will be determined by the Nomination and Remuneration Committee ("Compensation Committee") and recommended to the Board for its approval.
- As approved by the shareholders at the shareholders meeting held on July 20, 2016, commission will be paid at a rate not exceeding 1% per annum of the profits of the Company computed in accordance with section 198 of the Act.
- The payment of the Commission to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and Compensation Committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
- NEDs will not be eligible to receive stock options under the existing employee stock option scheme(s) ("ESOP") of the Company.
- The compensation paid to the executive directors (including the Managing Director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the Compensation Committee will be within the overall limits specified under the Act.
- The Company's total compensation for Directors and Key Managerial Personnel as defined under the Act / other employees will consist of:
  - o fixed compensation
  - o variable compensation in the form of annual incentive
  - o benefits
  - o work related facilities and, perquisites

Changes made to the policy: Nil

The Nomination and Remuneration Policy is placed on the Company's website and the following is web address of the said policy.

[http://www.lauruslabs.com/sites/all/themes/lauruslab//Investors/PDF/Policies/Remuneration\\_Policy.pdf](http://www.lauruslabs.com/sites/all/themes/lauruslab//Investors/PDF/Policies/Remuneration_Policy.pdf)

**Dividend Distribution Policy:**

The web link of the Dividend Distribution Policy has been provided below for the perusal of the shareholders.

[https://lauruslabs.com/Investors/PDF/Policies/Dividend\\_Policy.pdf](https://lauruslabs.com/Investors/PDF/Policies/Dividend_Policy.pdf)

**Risk Management:**

Your Company had formulated a risk management policy for dealing with different kinds of risks that it faces in the day-to-day operations of the Company. Risk Management Policy of the company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal financial control systems and procedures to mitigate the risk. The risk management procedure is reviewed by the Risk Management Committee and Board of Directors on a regular basis at the time of review of quarterly financial results of the Company. Further, your Company had constituted a Risk Management Committee which lays down various risk mitigating practices that your Company is required to implement in the Company.

**Adequacy of Internal Financial Controls:**

The internal financial controls with reference to the Financial Statements, apart from statutory audit, internal audit and cost compliance, are adequate to the size and operations of the Company.

**Directors' Responsibility Statement:**

In terms of Section 134(3)(c) of the Companies Act, 2013, the Board of Directors of the Company states that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operative effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operative effectively.

**Related Party Transactions:**

In accordance with Sec 134(h) of the Companies Act, 2013 and Rule 8(2) of Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements entered into by the Company with the Related Parties referred to in Sec.188(1) of the Act, have been provided in Form AOC-2 and attached the same as **Annexure-2**

The details of related party disclosures as stated in the notes to the financial statements forms part of this annual report.

**Vigil Mechanism:**

The Company established a whistleblower policy in order to assure that the business is conducted with integrity and that the Company's financial information is accurate.

**Auditors:**

**(i) Statutory Auditors:**

M/s. Deloitte Haskins & Sells LLP, Firm Registration No.117366W/W-100018 have been appointed as Statutory Auditors of the Company for the second term of Five years from the conclusion of 17th AGM till the conclusion of 22nd AGM of the Company at a remuneration to be decided by the Board.

**(ii) Cost records and Auditors:**

The Company is required under Section 148(1) of the Companies Act, 2013 read with Companies (Audit & Auditors') Rules, 2014 and the Companies (Cost Records and Audit) Amendments Rules, 2014, the Company is required to maintain the cost records in respect of its business and accordingly such accounts and records are made and maintained.

Your Board has re-appointed M/s. Sagar & Associates, Cost Accountants, as the Cost Auditors of the Company for the Financial Year 2023-24. As required by the Act, the remuneration of the Cost Auditors has to be ratified by the Members and accordingly the resolution relating to the Cost Auditors is being placed before the Members for their ratification.

**(iii) Secretarial Auditors & Secretarial Audit Report:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has re-appointed Y. Ravi Prasada Reddy, Practising Company Secretary (CP No. 5360) proprietor of RPR & Associates, to undertake the Secretarial Audit of the Company for the financial year 2022-23. The Secretarial Audit Report issued in Form MR-3 is in **Annexure-3** to this Report. There are no qualifications, reservations or adverse remarks in the Secretarial Audit Report.

**Auditors' Qualifications/reservations/adverse remarks/ Frauds reported:**

There are no Auditors' Qualifications or reservations or adverse remarks on the financial statements of the Company. The Auditors have not reported any frauds to the

Audit Committee as prescribed under Sec. 143(12) of the Companies Act, 2013.

**Significant and material orders passed by the Courts/Regulators:**

There are no significant and material orders passed by the Courts or Regulators against the Company.

**Rating:**

CARE has revised and improved its rating of "AA- with outlook Positive" to "AA with Stable outlook" on the long term bank facilities of the Company and Reaffirmed A1+ on the short term bank facilities of the Company.

**Insurance:**

All properties and insurable interests of the Company including buildings, plant and machinery and stocks have been fully insured.

**Corporate Social Responsibility initiatives:**

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors had framed the policy on Corporate Social Responsibility and the relevant details have been provided in **Annexure-4** and forms part of this Report.

**Annual Return:**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended), a copy of the Annual Return of the Company shall be placed on the Website of the Company at [www.lauruslabs.com](http://www.lauruslabs.com).

**Statement of Particulars of Appointment and Remuneration of Managerial Personnel/ employees:**

In accordance with the provisions of Section 134 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement of particulars of appointment and remuneration of managerial personnel and employees is attached in **Annexure-5** to this Report.

**Human resources:**

The management believes that competent and committed human resources are vitally important to attain success in the organization. In line with this philosophy, utmost care is being exercised to attract quality resources and suitable training is imparted on various skill-sets and behavior. Various initiatives were undertaken to enhance the competitive spirit and encourage bonding teamwork among the employees and could achieve the targeted growth in the performance of the Company.

**Employee Stock Options:**

During the year, the Company has allotted 12,91,590 (Twelve Lakh ninety one thousand five hundred and ninety only) equity shares of ₹ 2/- to various eligible employees of the Company under Employee Stock Option Schemes-2016 & 2018 upon exercise of their vesting rights in December, 2022.

The details of stock options are as mentioned in Annexure-6 and forms part of this Report. Further, the details of the stock options stated in the notes to accounts of the financial statements also forms part of this Annual Report.

**Conservation of energy, technology absorption and foreign exchange earnings/outgo:**

The information required under Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8(3) of Companies (Accounts) Rules, 2014, is appended hereto as Annexure-7 and forms part of this Report.

**Policy on Prevention of Sexual Harassment:**

The Company has formulated and implemented a policy for Prevention of Sexual Harassment of Women at workplace. During the year under review, the Company has not received any complaints under the policy.

The Company has many systems, processes and policies to ensure professional ethics and harmonious working environment. We follow Zero Tolerance towards Corruption and unethical conduct. These are ensured through Whistle Blower Policy, Anti-Corruption Policy, Gift Policy, Sexual Harassment Policy and Redressal Guidelines.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**BSE 200:**

The Equity Shares of your Company have been inducted in S&P BSE 200 indices with effect from December 20, 2021

**Corporate Governance:**

A separate section on Corporate Governance practices followed by your Company, as stipulated under Schedule V(C) of the SEBI (LODR) Regulations, 2015 is enclosed and forming part of this report.

The certificate of the Practising Company Secretary Mr.Y.Ravi Prasada Reddy with regard to compliance of conditions of corporate governance as stipulated under Schedule V (E) of the SEBI (LODR) Regulations, 2015 is annexed to the Report on Corporate Governance.

**Business Responsibility and Sustainability Report (BRSR)**

The Listing Regulations mandate the inclusion of the BRSR as part of the Annual Report for top 1000 listed entities based on market capitalization. In accordance with the Listing Regulations, we have integrated BRSR disclosures into our Annual Report.

**Awards:**

During the period under review your Company and the top level management has achieved the following accolades to suit up their efforts for all these years:

- Dr.Satyanarayana Chava, Founder & CEO has been recognized by Fortune Magazine as one of the India's Top CEO's in the 2022.



- Dr.Satyanarayana Chava, Founder & CEO has been recognized by Business Today as one of the Best CEO's in India for the year 2022.
- Your Company was recognized as one of the "Top 15", India's Best Work Places in Pharmaceuticals, Healthcare and Biotech 2022
- Your Company was certified as "Great Place to Work" for the 5th consecutive year
- Your Company's, Unit-6 has won the CII Industrial Safety Excellence Award 2022 in recognition of Best EHS Innovative practices
- Your Company's, Unit-5 received, two CII awards for Industrial Safety & Environment
- Your Company won Teva's "Best Supplier of the Year 2022" Award, across all the categories.

#### **Acknowledgements:**

Your Directors would like to place on record their sincere appreciation to customers, business associates, bankers, vendors, government agencies and shareholders for their continued support.

Your Directors are also happy to place on record their sincere appreciation to the co-operation, commitment and contribution extended by all the employees of the Laurus family and look forward to enjoying their continued support and cooperation.

For and on behalf of the Board of Directors  
**LAURUS LABS LIMITED**

**Dr. Satyanarayana Chava**  
Executive Director & Chief Executive Officer  
DIN: 00211921

**V.V. Ravi Kumar**  
Executive Director & Chief Financial Officer  
DIN: 01424180

**G.Venkateswar Reddy**  
Company Secretary

Place: Hyderabad  
Date: April 27, 2023

# ANNEXURE – 1

## FORM AOC – 1

### PART – A: SUBSIDIARIES INFORMATION

S.No.	Particulars	Details				
1	Name of Subsidiary	Sriam Labs Private Limited	Laurus Synthesis Private Linlimited	Laurus Holdings Ltd. UK	LAURUS GENERICS SA (PTY) LTD.	Laurus Bio Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2022 to March 31, 2023				
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees (in Cr.)	Indian Rupees (in Cr.)	GB Pound (in Cr.)	ZAR (in Cr.)	Indian Rupees (in Cr.)
4	Share capital	14.20	0.10	0.11	0.00	0.26
5	Reserves & Surplus	31.81	40.58	0.01	5.79	47.90
6	Total Assets	58.62	477.61	2.01	8.10	198.25
7	Total Liabilities	12.61	436.93	1.88	2.31	150.09
8	Investments					
9	Turnover	79.31	108.01	1.80	1.43	128.63
10	Profit before taxation	11.23	31.30	(0.09)	1.62	20.43
11	Provision for taxation	3.32	9.09	0.01	0.45	6.24
12	Profit after taxation	7.91	22.21	(0.10)	1.16	14.19
13	Proposed Dividend	-	-	-	-	-
14	% of shareholding	100%	100%	100%	100%	76.60%

Laurus Holdings Ltd. is a UK based foreign subsidiary and its local currency is GBP

Exchange rate 96.72894 INR/GBP for profit and loss account and 101.6213 INR/GBP for Balance sheet items

Laurus Generics SA (Pty) Ltd. is a South Africa based foreign subsidiary and its local currency is ZAR

Exchange rate 4.73382 ZAR/INR for profit and loss account transactions and 4.61764 ZAR/INR for Balance sheet items.

### PART - B: ASSOCIATES AND JOINT VENTURES

S. No.	Name of Associates/Joint Ventures	Immunoadoptive Cell Therapy Private Limited	Ethan Energy India Pvt. Ltd.
1	Latest Audited Balance Sheet Date / Management Accounts Date	March 31, 2023	March 31, 2023
2	Shares of Associate/Joint Ventures held by the Company on the year end		
	No.	996 Equity shares of ₹ 10/- each, fully paid up 3,983 CPS of ₹ 10/- each (₹ 10/- each fully paid up)	*7,40,000 Equity shares of ₹ 10/- each, fully paid up
	Amount of Investment in Associates/Joint Venture / ₹ in Crores	46.00	3.9
	Extend of Holding %	28.00	26.00
3	Description of how there is significant influence	Shareholding	Shareholding
4	Reason why the associate/joint venture is not consolidated	NIL	NIL
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crores)	41.29	(23.46)
6	Profit/Loss for the year	NIL	NIL
	i. Considered in Consolidation (₹ in Crores)	(2.85)	(0.36)
	ii. Not Considered in Consolidation (₹ in Crores)	(7.49)	(1.00)

Note: \*Pursuant to investment agreement entered into by the Company with Ethan Energy India Private Limited (Ethan Energy), capital contributions have been made into Ethan Energy in terms of the aforesaid agreement during the quarter ended March 31, 2023. The Company has accounted for its investment in Ethan Energy as an associate w.e.f January 03, 2023 based on the Management Accounts provided by Ethan Energy.

## ANNEXURE – 2

### AOC-2

#### Particulars of contracts/arrangements entered into by the Company with related parties

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

(Referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto)

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil  
 All contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 are at arm's length basis.
2. Details of material contracts or arrangement or transactions at arm's length basis: The details are set out in the standalone financial statements forming part of this Annual Report. The same may be referred for this purpose.

Nature of the related party	Nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount
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Appropriate approvals have been taken for related party transactions. No amount was paid as advance.

# ANNEXURE – 3

## Form No. MR-3

### SECRETARIAL AUDIT REPORT

#### For the Financial Year ended 31<sup>st</sup> March, 2023

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

To  
The Members,  
**M/s. LAURUS LABS LIMITED**  
Laurus Enclave, Plot Office 01, E. Bonangi Village,  
Parawada Mandal, Anakapalli District, Andhra Pradesh – 531021.

We have conducted the Secretarial Audit on the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Laurus Labs Limited** (hereinafter referred as the “**Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on **31<sup>st</sup> March, 2023**, (i.e. from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023) complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

The Company is carrying on the business of offering broad and integrated portfolio of Active Pharmaceutical Ingredients (API) including intermediates and Contract Research Services and Finished Dosage Forms (FDFs) to cater to the needs of the global pharmaceutical industry.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company to the applicable extent for the financial year ended on 31<sup>st</sup> March, 2023 according to the provisions of:

- A. The Companies Act, 2013 (the “Act”) and the rules made thereunder;
- B. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- D. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign

Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- E. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) to the extent applicable to the Company:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the financial year);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2018 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2018 (Not applicable to the Company during the financial year);
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during the financial year).
- F. The Memorandum and Articles of Association.
- G. The Company has identified and confirmed the following laws as specifically applicable to the Company.
  - (a) Drugs (Control) Act, 1950
  - (b) Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945
  - (c) Narcotic Drugs and Psychotropic Substances Act, 1985
  - (d) The Food Safety and Standards Act, 2006



(e) The Indian Boilers Act, 1923

We have also examined compliance with the applicable clauses/regulations of the following:

- (i) Auditing and Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that, having regard to the compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof, on test check basis, the Company has complied with all the applicable laws.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act/Listing Agreement.

Adequate notice is given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent in advance as required, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be. We further report that there are adequate systems

and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the financial year the Company had following events which had bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Standards etc.,

1. The Company has subscribed to the capital of M/s. Ethan Energy India Private Limited, a Solar Power Company for 26% of stake with around ₹ 3.90 Crores investment on December 16, 2022.
2. The Company has incorporated a wholly owned subsidiary named M/s. Laurus Specialty Chemicals Private Limited for undertaking specialty chemicals business on December 01, 2022.
3. The Company has issued and allotted 11,44,135 and 1,47,455 equity shares of ₹ 2/- each to the eligible employees during December, 2022 under ESOP Schemes 2016 & 2018 respectively.

**For RPR & ASSOCIATES**  
 Company Secretaries

Place: Hyderabad  
 Date: 27th April, 2023

**Y Ravi Prasada Reddy**  
 Proprietor  
 FCS No: 5783, C P No: 5360  
 Peer Review Certificate No. 1425/2021  
 UDIN: F005783E000208249

This Report is to be read with our letter of even date which is annexed as Annexure and forms part of this report.

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# ANNEXURE

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To  
The Members,  
**M/s. LAURUS LABS LIMITED**  
Laurus Enclave, Plot Office 01, E. Bonangi Village,  
Parawada Mandal, Anakapalli District, Andhra Pradesh – 531021.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.,
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For RPR & ASSOCIATES**  
Company Secretaries

Place: Hyderabad  
Date: 27th April, 2023

**Y Ravi Prasada Reddy**  
Proprietor  
FCS No: 5783, C P No: 5360  
Peer Review Certificate No. 1425/2021  
UDIN: F005783E000208249

## ANNEXURE – 4

### Annual Report on CSR Activities for FY 2022-23

1 Brief outline on CSR Policy of the Company: **The scope of the CSR Policy would including all/any activities specified in Schedule VII of the Companies Act, 2013**

2 Composition of the CSR Committee:

S No	Name of the Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetins of CSR Committee attended during the year
1	Mr. VV Ravi Kumar	Chairman of the Committee. Executive Director and Chief Financial Officer	2	2
2	Mrs. Aruna Bhinge	Member and Independent Director	2	2
3	Mr. Chandrakanth Ch	Member and Non-Executive Director	2	2

3 Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company : [www.lauruslabs.com](http://www.lauruslabs.com)

4 Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8, if applicable: **Not Applicable for the year under review**

5 (a) Average Net Profit of the Company as per sub-section (5) of Section 135 : ₹ **851.51 Cr**

b) Two percent of average net profit of the Company as per sub section (5) of Section 135 : ₹ **17.03 Cr**

c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : ₹ **1.92 Cr**

d) Amount required to be set off for the financial year if any : **Nil**

e) Total CSR obligation for the financial year [(b)+(c)-(d)] : ₹ **17.03 Cr**

6 (a) Amount spent on CSR Projects (both Ongoing Projects and other than Ongoing Projects) : ₹ **17.90 Cr**

(b) Amount spent in Administrative Overheads : **NIL**

(c) Amount spent on Impact Assessment, if applicable : **NIL**

(d) Total amount spent for the Financial year [(a)+(b)+©] : ₹ **17.90 Cr**

e) CSR Amount spent or unspent for the Financial Year :

Total amount spent for the FY (in ₹)	Amount unspent (in ₹)	
17.9	Total amount transferred to Unspent	
	CSR Account as per Section 135(6)	Amount transferred to fund specified under Schedule
	Amount Date of Transfer	VII as per second proviso to Section 135 (5)
		Name of the Fund Amount
		Date of Transfer
	<b>Not Applicable</b>	

(f) Excess Amount for set off, if any:

Sl. No.	Particulars	Amount (₹ in crores)
1	2	3
i	Two percent of average net profit of the company as per sub-section (5) of section 135	
ii	Total amount spent for the Financial Year	
iii	Excess amount spent for the Financial Year [(ii)-(i)]	Nil
iv	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	
v	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	

7 Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years : **Not Applicable**

1	2	3	4	5	6		7
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under Section 135(6) (In ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount spent in the Financial Year (In ₹)	Amount transferred to a fund specified under Schedule VII as per second proviso to Section 135(6), if any		Amount remaining to be spent in succeeding financial years (In ₹)
					Amount (In ₹)	Date of Transfer	
1	FY-1						
2	FY-2						
3	FY-3						

8 Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year : **No**

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

S. No.	Particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of Creation	Amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					1	2	3
					CSR Registration No. if applicable	Name	Registered Address

Not Applicable

9 Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5) : **Not Applicable**

Sd/-

**Dr.Satyanarayana Chava**  
Whole time Director & CEO

Sd/-

**Mr.V.V.Ravi Kumar**  
Chairman of CSR Committee  
Whole time Director & CFO



## ANNEXURE – 5.1

Employee Worked for full Financial year & Received Aggregate Remuneration of not Less Than One Hundred And Two Lakh Rupees / Top Ten Employees (Including Employer Contribution to PF)

S No	Name of the Employee	Designation	Remuneration received (CTC in ₹) FY 2022-23	Nature Contract/ Permanent	Qualification & Experience in years	Date of commencement of employment	Age of employee	Last Employment held before joining the Company	No. of Equity shares held	Whether relative of Director
1	Dr. Satyanarayana Chava*	Executive Director & Chief Executive Officer	186,442,959	Permanent	M.sc., Ph.D; 37	21-Jan-06	62	Matrix Laboratories Ltd	124126740	Yes
2	Mr. Venkata Ravi Kumar Vantaram #	Executive Director & Chief Financial Officer	49,653,885	Permanent	M.Com, FCMA; 34	30-Nov-06	58	Matrix Laboratories Ltd	7705000	No
3	Dr. Chunduru Venkata Lakshmana Rao	Executive Director	33,000,196	Permanent	M.sc., Ph.D; 35	7-Feb-07	61	Mayne Pharma, Australia	13450145	No
4	Mr. Srinivasa Rao Suryadevara	Executive Vice president	24,699,765	Permanent	M.Sc; 29	2-Apr-08	55	Matrix Laboratories Ltd	845108	No
5	Mr. Pavan Kumar Elisetty	General Manager	22,364,094	Permanent	M.B.A;17	3-Apr-17	40	Mylan Laboratories Ltd	27725	No
6	Mr. Dammalapati Venkata Lakshmi Narasimha Rao	Sr. Vice President	19,414,352	Permanent	M.Sc; PGDEM; PGDCA;19	4-Sep-07	54	Matrix Laboratories Ltd	685000	No
7	Mr. Suryadevara Srinivasa Rao	Sr. Vice President	16,243,630	Permanent	M.Sc; 30	27-Jul-06	56	Auctus Pharma	125000	No
8	Mr. Krishna Chaitanya Chava	Executive Vice President	14,611,221	Permanent	M.S; M.B.A, 9	17-Apr-17	33	Dr.Reddy's Laboratories Ltd	20699	Yes
9	Mr. Chagaramudi Sita Ramaiah	Sr. Vice President	13,587,198	Permanent	FCA; 23	20-Aug-07	50	Matrix Laboratories Ltd	550000	No
10	Mr. Siva Ramakrishna Rayala	Vice President	13,291,741	Permanent	M. Pharmacy; 30	6-Feb-17	55	Mylan Laboratories Ltd	41500	No
11	Mr. Sumeet Sobti	Vice President	12,359,835	Permanent	B.Pharmacy : 28	14-Sep-15	51	Ranbaxy Laboratories Ltd	64470	No
12	Mr. Rajaram	Sr. Vice President	12,072,814	Permanent	MICA,MBA : 25	4-Mar-20	49	Mankind Pharma	6703	No
13	Mr. Giridhar Mulkamala	Vice President	11,880,591	Permanent	B.SC, PGDCA, PGDCAQM, 26	19-Nov-07	55	Matrix Laboratories Ltd	176080	No
14	Mr. Babchand Nurubasha	Vice President	11,740,359	Permanent	M.P.I.B, 22	1-Nov-07	47	Matrix Laboratories Ltd	327145	No
15	Mr. Narasimha Rao Chava	Vice President	10,709,623	Permanent	M.A, 30	14-Mar-07	55	Dolphin Chemicals Pvt Ltd	119675	Yes

**Note:**

1. Dr. Satyanarayana Chava is holding shares on behalf of M/s. NSN Holdings as an Authorised Representative
2. Mr. V.V. Ravi Kumar is holding 6705000 shares on behalf of M/s. Leven Holdings as an Authorised Representative and 1000000 shares on his individual capacity

Employee Worked Part of the Financial year & Received Aggregate Remuneration of not Less Than Eight Lakh Fifty Thousand Rupees Per Month (Including Employer Contribution to PF)

S No	Name of the Employee	Designation	Remuneration received (CTC in ₹) FY 2022-23	Nature Contract/ Permanent	Qualification & Experience in years	Date of commencement of employment	Age of employee	Last Employment held before joining the Company	No. of Equity shares held	Whether relative of Director
1	Mr. Srikant Vasudeorao Pimple	Vice President	13,800,966	Permanent	MS; 34	4-Jan-18	59	Uni Chem Labs	29715	No

## ANNEXURE – 5.2

### Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1 The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Sl. No.	Name & Designation	Ratio
1	Dr. Satyanarayana Chava, Executive Director & CEO	405
2	Mr. VV Ravi Kumar, Executive Director & CFO	107
3	Dr. C.V. Lakshmana Rao, Executive Director	71
4	Mr. Chandrakanth Cherreddi, Non Executive Director	11
5	Dr. Ravindranath Kancherla, Independent Director	5
6	Mrs. Aruna Bhinge, Independent Director	6
7	Dr. Rajesh Koshy Chandy, Independent Director	9
8	Dr. M Venu Gopala Rao, Non executive Chairman and Independent Director	6

2 The percentage increase in remuneration of each Director, Chief Financial Officer; Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

	Name & Designation	Increase in percentage
1	Dr. Satyanarayana Chava, Executive Director & CEO	-34%
2	Mr. VV Ravi Kumar, Executive Director & CFO	-24%
3	Dr. C.V. Lakshmana Rao, Executive Director	-28%
4	Mr. Chandrakanth Cherreddi, Non Executive Director	1%
5	Dr. Ravindranath Kancherla, Independent Director	0%
6	Mrs. Aruna Bhinge, Independent Director	5%
7	Dr. Rajesh Koshy Chandy, Independent Director	0%
8	Dr. M Venu Gopala Rao, Non executive Chairman and Independent Director	0%
9	Mr. G.Venkateswar Reddy, VP (Legal & Secretarial) and Company Secretary	-11%
3	The percentage increase in the median remuneration of employees in the financial year was	5%
4	The number of permanent employees on the rolls of the Company as on March 31, 2023 was	5,753
5	Average percentile Increase already made in the Salaries of the employees.	10.28%

It is hereby affirmed that the above remuneration is as per the Remuneration policy of the Company

## ANNEXURE – 6

### Details of Employees Stock Option Scheme

Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014

The Employees Stock Option Scheme, 2011 was completed and closed.

The details of Stock Options as on March 31, 2023 under the Employees Stock Option Scheme-2016 of the Company are as under:

S. No.	Particulars	Grant-1	Grant-2	Grant-3	Total
a	Options granted				
	Options granted initially	1,78,438	5,37,150	2,70,750	9,86,338
	Additional options granted pursuant to Bonus Issue	5,15,814	-	-	5,15,814
	Total Options granted	6,94,252	5,37,150	2,70,750	15,02,152
	Total Options in force - After Split		25,14,750	2,70,750	27,85,500
b	Options vested	6,06,500	23,55,100	685	29,61,600
c	Options exercised	6,06,500	23,55,100	-	29,61,600
d	The total no. of shares arising as a result of exercise of options	6,06,500	23,55,100	-	29,61,600
e	Options lapsed - After Split	87,752	1,59,650	13,000	2,60,402
f	The Exercise Price (Rs.)	137.50	292.00	-	-
g	The Exercise Price (Rs.) - After Split		58.40	350.00	-
h	Variations of terms of Options	Nil	Nil	Nil	Nil
i	Money realized by exercise of options	8,33,93,750.00	13,75,37,840.00	-	22,09,31,590.00
j	Total number of options in force	0	0	2,58,435	2,58,435

- j. Employee-wise details of options granted during the year 2022-23 to –
- Key Managerial Personnel : Mr. G. Venkateswar Reddy – 2500 Options
  - Any other employee who receives a grant of options in any one year of options amounting to five percent or more of options granted during that year: Nil
  - Identified employees who were granted options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant: Nil

The details of Stock Options as on March 31, 2023 under the Employees Stock Option Scheme-2018 of the Company are as under:

S. No.	Particulars	Grant-1	Grant-2	Grant-3	Total
a	Options granted				
	Options granted initially	1,49,750	7,07,000	5,000	8,61,750
	Additional options granted pursuant to Split	5,99,000	-	-	5,99,000
	Total Options in force - After Split	7,48,750	7,07,000	5,000	14,60,750
b	Options vested	3,00,830	-	-	3,00,830
c	Options exercised	3,00,830	-	-	3,00,830
d	The total no. of shares arising as a result of exercise of options	3,00,830	-	-	1,53,375
e	Options lapsed	1,52,220	59,750	-	2,11,970
f	The Exercise Price (Rs.)	255.50	-	-	-
	The Exercise Price (Rs.) - After Split	51.10	356.00	350.00	-
g	Variations of terms of Options	Nil	Nil	Nil	Nil
h	Money realized by exercise of options	78,37,462.50	-	-	78,37,462.50
i	Total number of options in force	2,95,700	6,47,250	5,000	9,47,950

- j. Employee-wise details of options granted during the year 2022-23 to –
- Key Managerial Personnel : Nil
  - Any other employee who receives a grant of options in any one year of options amounting to five percent or more of options granted during that year: Nil
  - Identified employees who were granted options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant: Nil

# ANNEXURE – 7

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

### (A) Conservation of energy:

(i)	The steps taken or impact on conservation of energy	➤ Many initiatives taken up during the year for energy conservation by reducing or stopping usage of coal at unit 1 by using waste steam from adjacent industry, using e vehicles in the plant premises and planning towards increasing the usage of green energy.
(ii)	The steps taken by the Company for utilizing alternate sources of energy	➤ During the year 43695 tons of steam purchased from waste heat recovery boiler which saved natural resource and energy
(iii)	The capital investment on energy conservation equipment	➤ No significant capital investments on energy conservation equipment during the year.

### (B) Technology Absorption:

(i)	The efforts made towards technology absorption	Yes we always look for the better technologies available in the market for energy conservation and assess the feasibility then adopt it. This year we have adopted below mentioned technology and implemented at our Unit-1. ➤ Ethanol Dehydrator system.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	Various innovations had led to increase in productivity and reduction of cost or savings of cost in terms of conserving energy. Many initiatives benefited us in conserving energy some of them are listed below: ➤ During the year 43695 tons of steam purchased from waste heat recovery boiler which saved around 120719 GJ of energy. ➤ Step towards increasing green energy, 2795 GJ of solar power generated and consumed during the year 2022-23 ➤ 3664 GJ of Power saved by Installing Variable-frequency drive (VFD) at various equipment's across the organisation
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	
	(a) The details of technology imported	➤ Rotary Pressure Filter (RPF) was imported from Germany and installed in Unit-4. ➤ Continuous Flow Reactor Corning Make from Germany.
	(b) The year of import	2022-23
	(c) Whether the technology has been absorbed	Yes
	(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	Not Applicable
(iv)	The expenditure incurred on Research and Development	₹ 185 Crores (Opex), ₹ 26 Crores (Capex) and Total ₹ 211 Crores

### (C) Foreign Exchange Earnings and Outgo:

Total Forex Inflow ₹ 4,347 Crores

Total Forex Outflow ₹ 1,372 Crores



# REPORT ON CORPORATE GOVERNANCE

## 1. COMPANY'S PHILOSOPHY:

Laurus Labs works towards improving health outcomes for patients around the world through the manufacture of high-quality medicines and active pharmaceutical ingredients with one quality products for all Markets. Our Corporate Governance policies and procedures set the standard for how we engage with our stakeholders. We prioritize the long-term over the short-term to drive sustainable growth and create lasting value. With empowerment and accountability as its two pillars, our Corporate Governance code guides all our actions. We aim for total transparency and meet our societal commitments by being a responsible corporate citizen.

## 2. BOARD AND ITS COMPOSITION:

Your Board comprises optimal combination of Independent Directors, Non-Executive Directors and Executive Directors having in-depth knowledge in the business of the pharmaceutical industry. The Chairman, who is a Non-Executive and Independent Director, and the Chief Executive Officer (CEO) of the Company have their own roles for better Corporate Governance Standards. The size and composition of the Board confirms to the requirements of the Corporate Governance code under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the brief profiles of the Directors are placed in the Company's website <http://lauruslabs.com/corporate-governance>.

The composition of directors, their attendance and other details are as follows:

Sl No.	Name of the Director & DIN	Category of Directorship	Attendance at Board Meetings		No of Directorship in listed entities including this listed entity (Refer Regulation 25(1) of Listing Regulations)	Number of memberships / chairmanship in Audit / Stakeholder Committee(s) including this listed entity (Refer Regulation 26(1) of Listing Regulations)		Whether present at the previous AGM
			Held	Attended		Chairman	Member	
1.	Dr. Malempati Venugopala Rao DIN: 00012704	Chairman, Non-Executive and Independent Director	5	5	1	1	0	Yes
2.	Dr. Chava Satyanarayana DIN: 00211921	Promoter, Executive Director and Chief Executive Officer	5	5	1	0	0	Yes
3.	Mr. Venkata Ravi Kumar Vantaram DIN: 01424180	Promoter, Executive Director and Chief Financial Officer	5	5	1	0	1	Yes
4.	Dr. Chundurur Venkata Lakshmana Rao DIN: 06885453	Promoter and Executive Director	5	5	1	0	0	Yes
5.	Mr. Chereddi Chandrakanth DIN: 06838798	Non-Executive Director	5	5	1	1	1	Yes
6.	Mrs. Aruna Rajendra Bhinge DIN: 07474950	Non-Executive and Independent Director	5	5	3	0	4	Yes
7.	Dr. Rajesh Koshy Chandy DIN: 07575240	Non-Executive and Independent Director	5	4	1	0	1	Yes
8.	Dr. Ravindranath Kancherla DIN: 00117940	Non-Executive and Independent Director	5	5	1	0	1	Yes

The Board met five times in Financial Year 2022-23. The following are the dates in which the Board Meetings were held:

April 28, 2022; July 27, 2022; October 21, 2022, January 30, 2023 and March 16, 2023

**The names of the listed entities where the person is a director and the category of directorship:**

Other than on the Board of the Company, which is a listed entity, the following Directors are holding directorship in other listed entities as shown below:

Mrs. Aruna Bhinge –

- a. Punjab Chemicals and Crop Protection Ltd. as Independent Director;
- b. Mahindra EPC Irrigation Limited as Independent Director

Other than the above, no other directors are directors on any other listed entity.

**Disclosure of relationships between directors inter-se:**

Mr. Chandrakanth Chereddi is son-in-law of Dr. Satyanarayana Chava. Other than these two directors, none of the directors are related to any other director.

**Number of shares held by non-executive directors:**

Except Mr. Chandrakanth Chereddi, Dr. MVG Rao and Mrs. Aruna Bhinge, who are holding 42,000, 38,500 and 17,500 equity shares respectively as on March 31, 2023, none of the Non-Executive Directors are holding any shares or convertible Instruments in the Company.

**Details about familiarization programme:**

During the year, no new Director was inducted on the board.

The senior management personnel of the Company regularly make presentations to the Board members on the operations of the Company, its plans, strategy, risks involved, new initiatives etc. and seek their views and suggestions on the same. The Board members have been provided with various policies of the Company including Code of Conduct for Directors and Senior Management Personnel etc.

The details of these familiarization programs have been placed on the Company's website at

<http://lauruslabs.com/Investors/PDF/Policies/Familiarization Programmes for Independent Directors.pdf>

**List of core skills / expertise / competencies identified by the board as required in the context of its business(es) and sector(s) for an efficient functioning and those actually available with the Board:**

- a. Hands on Pharma industry experience in sourcing, manufacturing, marketing and business development

- b. Accounting, Financial, Budget, Costing expertise
- c. Legal and HR expertise
- d. Experience in Quality
- e. Expertise in Corporate Governance
- f. Formulation of effective strategy

**The Board members possess the following core skills / expertise / competencies:**

Dr. MVG Rao – a,b,e and f of above

Dr. Satyanarayana Chava – a, d, e and f of above

Mr. V.V.Ravi Kumar – b, c, e and f of above

Mr. Chandrakanth Chereddi– a, e and f of above

Dr. C.V.Lakshmana Rao – d, e and f of above

Dr. Rajesh Chandy – a and e of above

Mrs. Aruna Bhinge – a, b, e and f of above

Dr. Ravindranath Kancharla – a, e and f of above

**Confirmation about Independent Directors:**

This is to confirm that in the opinion of the board, the independent directors fulfil the conditions specified in SEBI (LODR) Regulations, 2015 and are independent of the management.

As required by SEBI (LODR) Regulations, 2015, a certificate from Company Secretary in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority, is attached to this Report as **Annexure-A**.

Further, Annual Secretarial Compliance Report issued by the Company Secretary in Practice pursuant to Circular dated February 8, 2019 issued by SEBI is also attached to this Report as **Annexure-B**.

**Details of Directors proposed for re-appointment and regularisation at the Annual General Meeting:**

Dr. Satyanarayana Chava and Dr. C.V. Lakshmana Rao shall retire by rotation and being eligible, seek re-appointment. The details of these directors are as follows:

**Dr. Satyanarayana Chava**

Dr. Satyanarayana Chava is a Founder, Whole Time Director and Chief Executive Officer of our Company. He has been a Director of our Company since January 21, 2006. He holds a bachelor's and master's degree in Science from Andhra University and completed his Ph.D in 1992. He received an honorary degree of Doctor of Science from the Gandhi Institute of Technology and Management. He also holds a post-graduate diploma in quality management from the Worldwide Quality Certification and has completed the post-graduate programme in management for senior executives from the Indian School of Business.

#### Directorship Details:

Sl. No	Name of the Companies/Bodies Corporate / Firms / Association of Individuals	Nature of Interest or Concern / change in Interest or Concern	Date on which interest or Concern arose / changed
1.	Laurus Labs Limited CIN: L24239AP2005PLC047518	Whole-time Director	21/01/2006
2.	Laurus Infosystems (India) Private Limited CIN: U72300TG2014PTC092281	Director	10/01/2014
3.	Pharmaceuticals Export Promotion Council of India CIN: U24239TG2004NPL043058	Director	25/04/2018
4.	Laurus Bio Private Limited CIN: U02423KA2005PTC036770	Director	20/01/2021
5.	Immunoadoptive Cell Therapy Private Limited CIN: U74999MH2018PTC315497	Nominee Director	09/12/2021
6.	NSN Investments (Partnership Firm)	Managing Partner	17/08/2017
7.	NSN Holdings (Partnership Firm)	Managing Partner	17/09/2021
8.	Laurus Holdings Ltd (UK Company)	Director	10/07/2017
9.	Laurus Generics Inc (USA Company)	Director	07/08/2017
10.	Laurus Generics SA (Pty) Ltd (South Africa Company)	Director	15/06/2020

#### Committee Membership Details:

Sl. No.	Name of the Company	Name of the Committee	Whether Chairman/Member
1.	Laurus Labs Limited CIN: L24239AP2005PLC047518	Risk Management Committee	Chairman

#### Dr. C. V. Lakshmana Rao:

Dr. Lakshmana Rao is an Executive Director and one of the promoters of the Company. He has been associated with the Company for over a decade and heads the quality function. He holds a master's degree in Science and a Ph.D. from Andhra University. Dr. Lakshmana Rao has over 25 years of experience in quality control, quality assurance and regulatory affairs. He has been involved in formulating and executing the core strategies of the Company. Prior to joining Laurus Labs in February 2007, he was associated with Mayne Health Pty Ltd., Australia.

#### Directorship Details:

Sl. No.	Name of the Companies/bodies corporate/firms/ association of individuals	Nature of interest or concern/ Change in interest or concern	Date on which interest or concern arose/changed
1.	Laurus Labs Limited CIN:L24239AP2005PLC047518	Whole Time Director	08/03/2018
2	Sriam Labs Private Limited CIN: U24239TG2002PTC038490	Director	25/07/2014
3.	Sree Lalitha Estates	Partner	05/10/2022
4.	Laurus Generics GmbH (Germany Company)	Director	23/04/2020

#### Committee Membership Details:

Sl. No.	Name of the Company	Name of the Committee	Whether Chairman/Member
1	Laurus Labs Limited CIN: L24239AP2005PLC047518	Risk Management Committee	Member
2	Sriam Labs Private Limited CIN: U24239TG2002PTC038490	CSR Committee	Chairman

### 3. COMMITTEES OF THE BOARD:

#### (I). AUDIT COMMITTEE

The Audit Committee of the Board is headed under the stewardship of Dr. Malempati Venugopala Rao. The other members of the Committee are Mrs. Aruna Bhinge, Dr. Rajesh Chandy and Mr. Chandrakanth Chereddi. The Composition of the Audit Committee meets the requirement of Section 177 of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the Company. The terms of reference of this Committee are as per SEBI (LODR) Regulations, 2015, as amended.

During the year, the Audit Committee met 5 (Five) times on April 14, 2022; April 28, 2022; July 27, 2022; October 21, 2022 and January 30, 2023 and the attendance of members is as follows:

SI No.	Name of the Audit Committee Member	No. of Meetings held	No. of Meetings attended
1.	Dr. Malempati Venugopala Rao Chairman & Independent Director DIN: 00012704	5	5
2.	Mrs. Aruna Bhinge Independent Director DIN: 07474950	5	5
3.	Dr. Rajesh Koshy Chandy Independent Director DIN: 07575240	5	4
4.	Mr. Chandrakanth Chereddi Non-Executive Director DIN: 06838798	5	5

#### (II) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board is headed by Dr. Ravindranath Kancharla. The other members of the Committee are Dr. Rajesh Koshy Chandy and Mr. Chandrakanth Chereddi. The Nominations & Remuneration Committee has reviewed and evaluated the performance evaluation criteria for Board and its Committees and Directors including Independent Directors as per SEBI Circular dated January 5, 2017.

During the year, the Nomination and Remuneration Committee met 4 (Four) times on April 27, 2022; June 30, 2022, January 27, 2023 and March 15, 2023 and the attendance of members is as follows:

SI No.	Name of the Committee Member	No. of Meetings held	No. of Meetings attended
1.	Dr. Ravindranath Kancharla. Independent Director DIN: 00117940	4	4
2.	Dr. Rajesh Koshy Chandy Independent Director DIN: 07575240	4	3
3.	Mr. Chandrakanth Chereddi Non-Executive Director DIN: 06838798	4	4

#### Stakeholders' Relationship Committee:

The Stakeholders Relationship Committee is headed under the stewardship of Mr. Chandrakanth Chereddi. The other members of the committee are Mr. V.V. Ravi Kumar and Dr. K. Ravindranath.

Mr. G. Venkateswar Reddy, Company Secretary is the Compliance Officer of the Company.

The Company has received 45 complaints during the year 2022-23; resolved 45 complaints and no complaints were pending as on March 31, 2023.

During the year, the Stakeholders' Relationship Committee met once on April 27, 2022.



### CSR Committee:

The CSR Committee is headed by Mr. V.V. Ravi Kumar, the other members being Mrs. Aruna Rajendra Bhinge and Mr. Chandrakanth Chereddi.

During the year, the CSR Committee has met twice on April 27, 2022 and October 20, 2022 and attendance of members is as follows:

SI No.	Name of the Committee Member	No. of Meetings held	No. of Meetings attended
1.	Mr. V V Ravi Kumar Executive Director & CFO DIN: 01424180	2	2
2.	Mrs. Aruna Bhinge Independent Director DIN: 07474950	2	2
3.	Mr. Chandrakanth Chereddi Non-Executive Director DIN: 06838798	2	2

### Risk Management Committee:

The Risk Management is headed by Dr. Satyanarayana Chava, CEO of the Company and the following are the other members:

Mr. V.V.Ravi Kumar

Mr. Chandrakanth Chereddi

Dr. Rajesh Koshy Chandy

Dr. C.V. Lakshmana Rao

The Risk Management Committee shall review the Risk Management Plan of the Company at periodic intervals and takes steps to identify and mitigate the risks involved.

During the year, The Risk Management Committee met thrice on July 26, 2022 October 20, 2022 and March 15, 2023 and the attendance of the members is as follows;

SI No.	Name of the Committee Member	No. of Meetings held	No. of Meetings attended
1.	Dr. Satyanarayana Chava Executive Director & CEO DIN: 00211921	3	3
2.	Mr. V V Ravi Kumar Executive Director & CFO DIN: 01424180	3	3
3.	Dr. C V Lakshmana Rao Executive Director DIN: 06885453	3	3
4.	Dr. Rajesh Koshy Chandy Independent Director DIN: 07575240	3	2
5.	Mr. Chandrakanth Chereddi Non-Executive Director DIN: 06838798	3	3

## Remuneration to Directors:

Details of remuneration paid to Directors during the financial year 2022-23 are as follows:

### a. Executive Directors:

In Rupees

SNo	Name of the Director	Salary	Bonus	Perk	Others	Total
1	Dr. Satyanarayana Chava	9,87,17,616	7,65,47,920	53,09,783	58,67,640	18,64,42,959
2	Mr. Venkata Ravi Kumar Vantaram	3,26,10,516	1,27,57,987	14,07,997	28,77,384	4,96,53,885
3	Dr. Chunduru Venkata Lakshmana Rao	2,16,17,664	85,05,324	7,42,215	21,34,994	3,30,00,196

### b. Non-Executive Directors:

Non-Executive Independent Directors are paid sitting fee of ₹ 50,000 for attending each meeting of the Board of Directors and each meeting of the Committee of Directors. Further, Independent Directors are paid Remuneration as well, the details of which are provided below:

In Rupees

S.No.	Name of the Director	Remuneration/Rs.	Sitting Fee/Rs.
1.	Dr. Malempati Venugopala Rao	20,00,000	5,00,000
2.	Mrs. Aruna Rajendra Bhinge	20,00,000	6,00,000
3.	Dr. Rajesh Koshy Chandy	32,59,378	6,00,000
4.	Dr. Ravindranath Kancherla	20,00,000	4,50,000
5.	Mr. Chandrakanth Chereddi	40,00,000	9,00,000

Service Contracts, Severance Fee: Nil

Notice Period for Executive Directors: 3 months

Stock Options details, if any: Nil

### Nomination/Remuneration Policy:

The compensation of the Executive Directors comprises of fixed component, perquisites and performance based incentive and is determined based on the remuneration prevailing in the industry and the performance of the Company. The remuneration package of the Executive Directors is periodically reviewed and suitable revision is recommended to the Board by the Nomination and Remuneration Committee. The Board shall recommend the same for the approval of the Shareholders.

The nomination and remuneration policy as adopted by the Board is placed on the Company's website at:

[http://www.lauruslabs.com/sites/all/themes/lauruslab//Investors/PDF/Policies/Remuneration\\_Policy.pdf](http://www.lauruslabs.com/sites/all/themes/lauruslab//Investors/PDF/Policies/Remuneration_Policy.pdf)

### Performance evaluation criteria for independent directors:

The performance evaluation is done on an annual basis by the Board of Directors of the Company.

On the basis of the report of performance evaluation, it is determined by the Board whether to extend or continue the term of appointment of Independent Director subject to all other applicable provisions.

### Independent Directors Meeting:

Schedule IV of the Companies Act, 2013 and the Rule thereunder mandate that the independent directors of the Company hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. It is recommended that all the independent directors of the Company be present at such meetings.

Independent Directors meeting was held on March 16, 2023 and all the Independent Directors attended the meeting.

### Disclosure of Board Evaluation:

The Performance Evaluation has been carried out for:

- The board as a whole,
- Individual directors (including Independent Directors and chairperson) and
- Various committees of the board.

Previous year's observations and actions taken:

There are no observations and actions pending to be taken by the Company and the Board is satisfied with all the processes being followed by the management and is hopeful in continuing the same good governance practices in the Company.

For this year, there is one suggestion given by the Nomination and Remuneration Committee, which would be implemented by the Management of the Company in due course of time.

## SHAREHOLDERS

### Annual General Meetings (AGM's):

Venue, date and time of the Last Three Annual General Meetings:

<b>(i).</b>	<b>Financial Year</b>	<b>2019-20</b>
	Date	09 <sup>th</sup> July, 2020 – 03.00 PM
	Venue	Video Conference/Other Audio Visual Means (OAVM)
	Special Resolutions	<ol style="list-style-type: none"> <li>1. Appointment of Dr. Satyanarayana Chava (DIN 00211921) as Executive Director and Chief Executive Officer of the Company</li> <li>2. Appointment of Mr.V.V.Ravi Kumar (DIN 01424180) as Executive Director and Chief Financial Officer of the Company</li> <li>3. Revision of Remuneration of Dr. Lakshmana Rao CV, Whole-Time Director of the Company:</li> <li>4. Alteration of Clauses of Articles of Association of the Company</li> </ol>
<b>(ii).</b>	<b>Financial Year</b>	<b>2020-21</b>
	Date	15 <sup>th</sup> July, 2021 – 03.00 PM
	Venue	Video Conference/Other Audio Visual Means (OAVM)
	Special Resolutions	<ol style="list-style-type: none"> <li>1. Modification of terms of Bonus in Employment Contrat Of Dr. Satyanarayana Chava (Din 00211921), Executive Director And Chief Executive Officer Of The Company</li> <li>2. Modification of terms of Bonus in Employment Contrat of Mr. V. V. Ravi Kumar (DIN 01424180), Executive Director and Chief Financial Officer of the Company</li> <li>3. Modification of terms of Bonus in Employment Contrat of Dr. Lakshmana Rao C V, (DIN 06885453), Whole-Time Director of the Company</li> <li>4. Reappointment of Mrs. Aruna Bhinge as Independent Director</li> <li>5. Reappointment of Dr. Rajesh Koshy Chandy as Independent Director</li> <li>6. Approval of Laurus Labs Employees Stock Option Scheme 2021</li> <li>7. Approval for grant of options under Laurus Labs ESOP Scheme 2021 (ESOP Scheme 2021) to the eligible employees of the subsidiary companies</li> <li>8. Alteration of Clauses of Articles of Association of the Company</li> </ol>
<b>(iii).</b>	<b>Financial Year</b>	<b>2021-22</b>
	Date	30 <sup>th</sup> June, 2022 – 04.00 PM
	Venue	Video Conference/Other Audio Visual Means (OAVM)
	Special Resolutions	<ol style="list-style-type: none"> <li>1. Reappointment of Dr. Malempati Venugopala Rao as Independent Director for a further period of 2 years</li> <li>2. Reappointment of Dr. Ravindranath Kancherla as Independent Director for a further period of 5 years</li> </ol>

Whether any special resolution passed last year through postal ballot – Yes

Details of Voting Pattern – Remote e- Voting started on February 08, 2023 and ended on March, 09, 2023

Person who conducted Postal Ballot – Mr. Y. Ravi Prasada Reddy, Practising Company Secretary acted as a Scrutinizer.

Whether any special resolution is proposed to be conducted through postal ballot – No

Procedure for Postal Ballot: As per Rule 22 of Companies (Management and Administration) Rules, 2014

**Means of Communication:**

The quarterly reports, along with additional information and official news releases, are posted on our website [www.lauruslabs.com](http://www.lauruslabs.com). Moreover, the quarterly / annual results and official news releases are generally published in Business Standard (English) and Prajasakthi (Telugu) newspapers.

Earnings calls with analysts and investors and their transcripts and audio recordings (w.e.f from 01.04.2022) are also posted on the website. Further, all material information which has any impact on the operations of the Company is sent to the Stock Exchanges and also the same shall be placed on the Company's website.

The Management Discussion and Analysis forms part of this Report and is provided separately in this Annual Report.

**General Shareholder Information:**

The 18<sup>th</sup> Annual General Meeting of the Company will be held through Video Conference (VC) at 3 p.m. on Thursday the 14<sup>th</sup> day of July, 2023.

The Financial Year of the Company is from 1<sup>st</sup> April to 31<sup>st</sup> March next every year.

The Board has declared one interim dividend @ 40% as 1<sup>st</sup> interim dividend (i.e. 0.80 ps. per share of the face value of ₹ 2/- each) in October, 2022 for FY 2022-23 and also proposed a second interim dividend @ 60% i.e. ₹ 1.20 per share of the face value of ₹ 2/- each). Book closure for the purpose of AGM will be from July 08, 2023 to July 14, 2023 (both days inclusive). Cut-off date for e-voting is July 07, 2023.

The Shares of the Company are listed on the following Stock Exchanges:

(i). BSE Limited, Phiroze Jeejeebhoy Towers, 25<sup>th</sup> Floor, Dalal Street, Mumbai-400001; and (ii). National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051.

The listing fees for the financial year has been paid to the respective stock exchanges.

Stock code: BSE Limited: 540222, NSE: LAURUSLABS. International Securities Identification Number (ISIN) for the Company's Equity Shares is INE947Q01028

Depositories for Equity Shares:

- (i). National Securities Depository Limited (NSDL) and
- (ii). Central Depository Services Limited (CDSL).



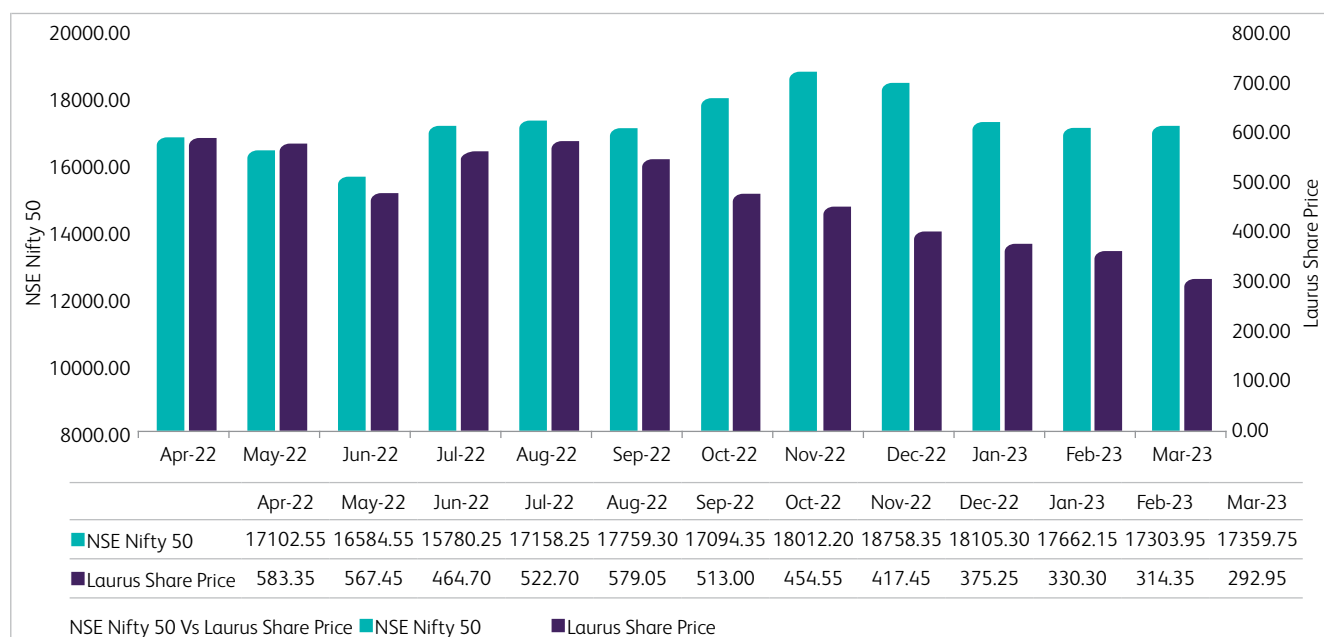
Market Price data:

High, low market price during each month in the financial year and volume of shares traded on NSE:

Month	NSE				NIFTY 50		
	High	Low	Close	Volume	High	Low	Close
Apr-22	626.30	555.30	583.35	33999143	18114.65	16824.70	17102.55
May-22	601.95	513.25	567.45	25045838	17132.85	15735.75	16584.55
Jun-22	572.45	436.80	464.70	25668910	16793.85	15183.40	15780.25
Jul-22	539.00	459.50	522.70	37527765	17172.80	15511.05	17158.25
Aug-22	605.50	517.20	579.05	30067964	17992.20	17154.80	17759.30
Sep-22	581.85	489.95	513.00	21468859	18096.15	16747.70	17094.35
Oct-22	533.50	443.00	454.55	34298711	18022.80	16855.55	18012.20
Nov-22	480.00	405.20	417.45	39405625	18816.05	17959.20	18758.35
Dec-22	426.70	368.65	375.25	49147383	18887.60	17774.25	18105.30
Jan-23	386.00	324.05	330.30	30539932	18251.95	17405.55	17662.15
Feb-23	347.80	309.60	314.35	20225354	18134.75	17255.20	17303.95
Mar-23	322.75	286.00	292.95	28307663	17799.95	16828.35	17359.75

Chart given below shows the stock performance at closing prices in comparison to the broad-based index such as NSE Nifty 50.

#### NSE NIFTY 50 VS LAURUS SHARE PRICE

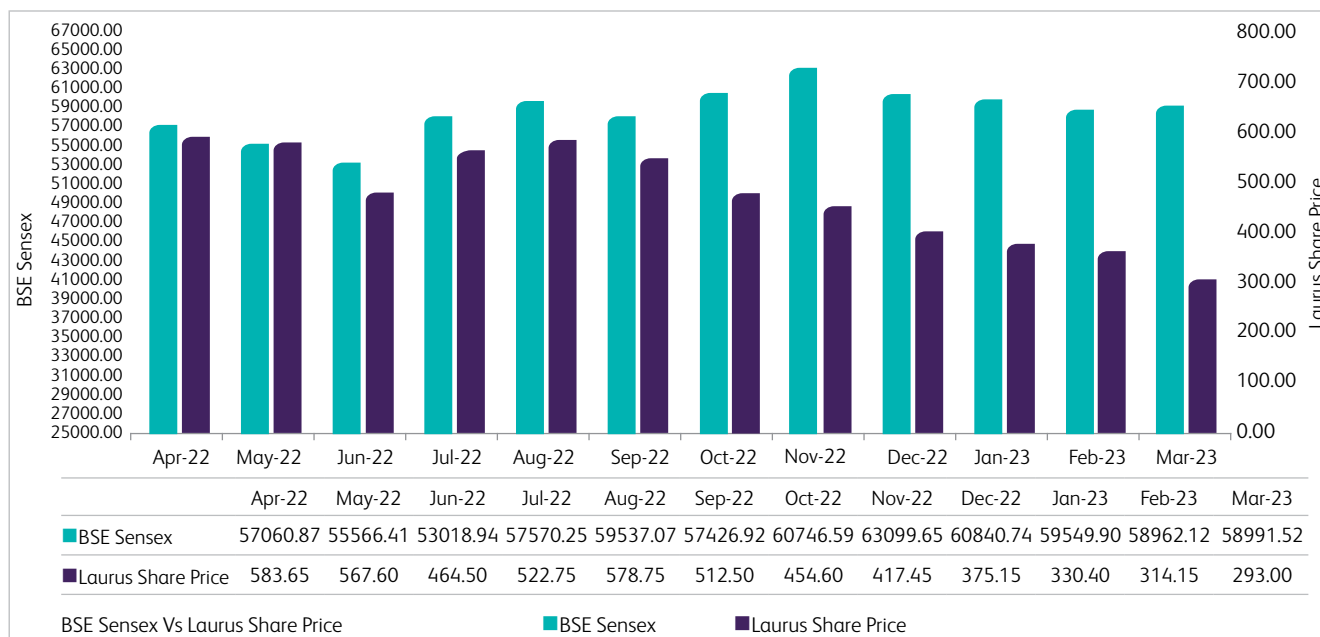


High, low market price during each month in the financial year and volume of shares traded on BSE:

Month	BSE				S&P BSE SENSEX		
	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume	High (Rs.)	Low (Rs.)	Close (Rs.)
Apr-22	626.00	555.25	583.65	1656471	60485.10	56009.07	57060.87
May-22	601.50	514.00	567.60	1583571	57184.21	52632.48	55566.41
Jun-22	572.65	437.00	464.50	953620	56432.65	50921.22	53018.94
Jul-22	539.15	458.45	522.75	1410439	57619.27	52094.25	57570.25
Aug-22	605.50	517.05	578.75	1251806	60411.20	57367.47	59537.07
Sep-22	581.70	490.00	512.50	1285889	60676.12	56147.23	57426.92
Oct-22	533.20	442.95	454.60	3209813	60786.70	56683.40	60746.59
Nov-22	479.60	401.45	417.45	2203817	63303.01	60425.47	63099.65
Dec-22	426.70	368.75	375.15	2785135	63583.07	59754.10	60840.74
Jan-23	385.95	324.25	330.40	1578595	61343.96	58699.20	59549.90
Feb-23	347.50	309.85	314.15	1569152	61682.25	58795.97	58962.12
Mar-23	322.60	286.80	293.00	1500721	60498.48	57084.91	58991.52

Chart given below shows the stock performance at closing prices in comparison to the broad-based index such as BSE Sensex.

#### BSE SENSEX VS LAURUS SHARE PRICE



There was no suspension of trading of securities of the Company during the year under review.

The Company's shares are transferable through the depository system. The Company has appointed KFin Technologies Limited (Formerly KFin Technologies Private Limited) as its Registrars and Share Transfer Agents and also Depository Transfer Agent. Shares received for physical transfers are generally registered within a period of 15 days from the date of receipt of the valid and duly filled up transfer deeds. The Company has signed a tripartite agreement with NSDL/CDSL and KFin Technologies Limited to facilitate dematerialization of shares. The Members may contact for the redressal of their grievances to either KFin Technologies or the Company Secretary of the Company.

In respect of transfer of physical shares, Shareholders are advised to contact our Registrars:

KFin Technologies Limited  
(Formerly KFin Technologies Private Limited)  
Selenium Building, Tower B, Plot No. 31-32,  
Financial District, Nanakramguda,  
Serilingampally, Hyderabad,  
Telangana, 500032.

Tel: +91 40 6716 2222; Toll Free No.: 1-800-3454-001

Fax: +91 040-23001153

Email: einward.ris@kfintech.com

Website: <https://www.kfintech.com>

Distribution of Shareholding as on March 31, 2023:

Category (No. of Shares)		No. of Share Holders	%	No. of Shares	%
1	500	390261	93.23	29257702	5.43
501	1000	13409	3.20	10088121	1.87
1001	2000	7256	1.73	10511936	1.95
2001	3000	2565	0.61	6432819	1.19
3001	4000	1135	0.27	4010606	0.74
4001	5000	820	0.20	3806456	0.71
5001	10000	1458	0.35	10486130	1.95
10001 and above		1711	0.41	464057155	86.15
<b>Total</b>		<b>418615</b>	<b>100.00</b>	<b>538650925</b>	<b>100.00</b>

Details of Shareholding in physical mode and electronic mode as on 31.03.2023:

S. No.	Description	% of Shareholders	No. of Shares	% of Equity
1.	Physical	0.00	510	0.00
2.	NSDL	31.35	45,76,69,699	84.97
3.	CDSL	68.65	8,09,80,716	15.03
Total		100.00	53,86,50,925	100.00

**Dematerialization of shares and liquidity:**

53,86,50,415 shares representing 99.999% shares have been in dematerialization form while 510 shares representing 0.001% in physical form.

The Company has not issued any GDR/ADR and there are no outstanding warrants or any convertible instruments.

The Company has undertaken hedging activities for foreign exchange risk, whereas the Company has not undertaken any hedging for commodity price risk.

**Location of Plants:**

**Unit 1**

Plot No: 21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam 531021, Andhra Pradesh, India.

**Unit 2**

Plot No: 19, 20, 21; APSEZ, Gurajapalem, Atchutapuram, Visakhapatnam 531011, Andhra Pradesh, India.

**Unit 3**

Plot No: 18, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam 531021, Andhra Pradesh, India.

**Unit 4**

Plot No: 25, Lalamkoduru, Atchutapuram, Visakhapatnam 531011, Andhra Pradesh, India.

**Unit 5**

Plot No: 102 & 103, SEZ, Lemarthi, Parwada, Visakhapatnam 531021, Andhra Pradesh, India.

**Unit 6**

Plot No: 22D & 22E, APSEZ De-Notified Area, Atchutapuram, Visakhapatnam 531011, Andhra Pradesh, India.

**Research & Development Centre**

Plot No. DS1 & DS2, IKP Knowledge Park, Turkapally, Shameerpet, Hyderabad 500078, Telangana, India.

**Address for correspondence:**

**Registered Office:** Laurus Enclave, Plot Office 01, E. Bonangi Village, Parawada Mandal, Anakapalli District 531021, Andhra Pradesh, India.

**Corporate Office:** 2<sup>nd</sup> Floor, Serene Chambers, Road No.7, Banjara Hills, Hyderabad 500034, Telangana, India.

**Disclosures pertaining to credit rating:**

Following are the Credit ratings obtained during the financial year, which are also available in the website of the Company <http://lauruslabs.com/>:

Rating Agency	Facilities Rated	Amount Rated (₹)	Rating Assigned	Date of Rating
CARE Ratings Limited	Long Term Bank Facilities	2,158.83	CAREAA; Stable (Double A; Outlook- Stable)	June 23, 2022
CARE Ratings Limited	Short Term Bank Facilities	1,091.00	CARE A1+ (A one plus)	June 23, 2022

**Other Disclosures:**

**Related Party transactions:**

No transaction of material nature has been entered into by the Company with its Directors/Management and their relatives etc. that may have a potential conflict with the interest of the Company. The Register of Contracts containing transactions, in which Directors are interested, is placed before the Board regularly.

Transactions with Related Parties are disclosed in the Notes to Accounts in the Annual Report.

In terms of SEBI (LODR) Regulations 2015, the Audit Committee and Board of Directors of the Company have adopted a policy to determine the related party transactions. The policy is placed on the Company's website at <http://lauruslabs.com/Investors/PDF/>

**Details of Non-compliances and penalties:**

There were no instances of non-compliance or penalties/strictures by the stock exchanges/SEBI/statutory authorities on any matter related to capital markets during the last three years.

**Vigil mechanism/Whistle Blower Policy:**

The Board of Directors of the Company had adopted the Whistle Blower policy. The Company has established a mechanism for employees and Directors to report to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the Company’s Code of conduct etc. The employees have been appropriately communicated within the organization about the mechanism and have been provided direct access to the Chairman of the Audit Committee. The mechanism also lays emphasis on making enquiry into whistle blower complaint received by the Company. The Audit Committee reviews periodically the functioning of the whistle blower mechanism. No employee has been denied access to the Audit Committee. A copy of the Whistle Blower Policy is hosted on the Company’s website at [http://lauruslabs.com/Investors/PDF/Policies/Whistle\\_Blower\\_Policy\\_1.pdf](http://lauruslabs.com/Investors/PDF/Policies/Whistle_Blower_Policy_1.pdf)

**Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:**

The Company has complied with all the mandatory requirements of Corporate Governance as per SEBI (LODR) Regulations, 2015 and is in the process of implementing the non-mandatory requirements.

**Policy on material subsidiaries:**

In terms of the SEBI (LODR) Regulations, 2015, the Board of Directors of the Company has adopted a policy with regard to determination of material subsidiaries. The policy is placed on the Company’s website at <http://lauruslabs.com/Investors/PDF/Policies/PolicyOnMaterialityOfSubsidiaries.pdf>

**Disclosures pertaining to Commodity risk:**

The Company has framed a policy on Forex Risk Management

Policy for managing the risks faced and hedging activities.

The risk management activities during the year, including their commodity hedging positions and the risks faced and managed: The Company has not undertaken any commodity hedging positions and therefore no risk exists.

Details of utilization funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A): The Company has not raised any funds through preferential allotment or qualified institutions placement during the current financial year and hence not applicable.

The Board had accepted recommendations of various committees of the board which were mandatorily required in the relevant financial year.

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, for the FY 2022-23 is as follows:

Rs. in Crores		
Particulars	2022-23	2021-22
Statutory Auditors:	0.94	0.73
Tax Audit Fee	0.14	0.07
Limited Review	0.41	0.37
Others	0.16	0.10
<b>Total</b>	<b>1.65</b>	<b>1.27</b>

**Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

- a. number of complaints filed during the financial year - Nil
- b. number of complaints disposed of during the financial year - Nil
- c. number of complaints pending as on end of the financial year - Nil

**Disclosures in relation to Loans and advances in the nature of loans to firms/companies in which directors are interested:**

Sl.No	Name of Firm/company to which Loans or Advances have been provided	Amount (in Crores)	Name of the interested Director	Nature of Interest	Name and status of the Disclosing Entity
1	Laurus Synthesis Private Limited	10	Mr. Krishna Chaitanya Chava	Common Director	Sriam Labs Private Limited (Wholly owned subsidiary of Laurus Labs Limited)
2	Laurus Bio Private Limited	20	Dr. Satyanarayana Chava and Mr. V V Ravi Kumar	Common Directors	Laurus Labs Limited (Holding Company of Laurus Bio Private Limited)
3	Laurus Synthesis Private Limited	50.50	Dr. Satyanarayana Chava and Mr. V V Ravi Kumar	Common Directors	Laurus Labs Limited (Holding Company of Laurus Synthesis Private Limited)

**Non-compliance of any requirements of corporate governance report of sub-paras (2) to (10) of Schedule V**

The Company has complied with the requirement of corporate governance report of sub-paras (2) to (10) of Schedule V of the SEBI (LODR) Regulations, 2015.



### Adoption of discretionary requirements as specified in Part E of Schedule II of SEBI (LODR) Regulations, 2015

With regard to discretionary requirements, the Company has adopted clauses relating to the following:

Separate persons were appointed for the post of the Chairman and the CEO. The financial statements of the Company so far have an unmodified audit opinion. Internal auditors report directly to the Audit Committee.

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

Regulation	Particulars of Regulations	Compliance Status Yes/No
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46 (2)(b) to (i)	Functional Website	Yes

#### Code of Conduct:

In compliance with Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct policy. The Code is applicable to the members of the Board, the executive officers and all employees of the Company and its subsidiaries. The Code is available on our website [http://lauruslabs.com/Investors/PDF/Policies/Code\\_of\\_Conduct\\_Policy.pdf](http://lauruslabs.com/Investors/PDF/Policies/Code_of_Conduct_Policy.pdf)

All members of the Board, the executive officers and senior financial officers have affirmed compliance to the Code as on March 31, 2023.

#### Prevention of Insider Trading:

The Company has adopted an Insider trading Policy to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015. This policy includes practices and procedures for fair disclosure of unpublished price-sensitive information, initial and continual disclosure. The Board reviews the policy on a need basis. The policy is available on our website <http://lauruslabs.com/Investors/PDF/Policies/CodeForProhibitionOfInsiderTrading.pdf>

#### CEO and CFO Certification:

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the CEO & CFO certification is provided in this Annual report as **Annexure-C**.

#### Auditors' Certificate on Corporate Governance

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Certificate on Corporate Governance issued by practising Company Secretary is annexed to the Board's report as **Annexure-D**.

### Declaration

I, Dr. Satyanarayana Chava, Chief Executive Officer, hereby declare that as provided under SEBI (LODR) Regulations, 2015, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2023.

**For Laurus Labs Limited**

Place: Hyderabad  
Date: April 27, 2023

**Dr. Satyanarayana Chava**  
Chief Executive Officer

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# ANNEXURE A

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## CERTIFICATE

(Pursuant to Regulation 34(3) read with Schedule V of Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members,  
**M/s. LAURUS LABS LIMITED**

Laurus Enclave, Plot Office 01, E. Bonangi Village,  
Parawada Mandal, Anapalli District, Andhra Pradesh – 531021.

We have examined and verified the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Laurus Labs Limited** (hereinafter referred to as the “**Company**”) having its registered office at Laurus Enclave, Plot Office 01, E. Bonangi Village, Parawada Mandal, Anapalli District, Andhra Pradesh – 531021 and the information provided by the Company and its directors and also based on the information available at the websites of Ministry of Corporate Affairs (i.e www.mca.gov.in) and Securities and Exchange Board of India (ie www.sebi.gov.in), we hereby certify that as on the date of this certificate, none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of Company by Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority.

**For RPR & ASSOCIATES**  
Company Secretaries

Place: Hyderabad  
Date: 27th April, 2023

**Y Ravi Prasada Reddy**  
Proprietor  
FCS No: 5783, C P No: 5360  
Peer Review Certificate No. 1425/2021  
UDIN: F005783E000208282

## ANNEXURE B

### Annual Secretarial Compliance Report of M/s. Laurus Labs Limited for the year ended 31.03.2023

(Pursuant to circular dated 8th February, 2019 issued by SEBI and amendments thereof)

We, M/s. RPR and Associates, Company Secretaries, Hyderabad, have examined:

- (a) all the documents and records made available to us and explanation provided by M/s. Laurus Labs Limited (CIN: L24239AP2005PLC047518) having its registered office at Laurus Enclave, Plot Office 01, E. Bonangi Village, Parawada Mandal, Anakapalli District, Andhra Pradesh – 531021, (“the listed entity”);
- (b) the filings/ submissions made by the listed entity to the stock exchanges;
- (c) website of the listed entity; and
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification/report,

for the year ended 31st March, 2023 (“Review Period”) in respect of compliance with the provisions of :

- (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - No Buyback of securities during the review period.
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not Applicable during the review period.
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Securities) Regulations, 2021; - Not Applicable during the review period.
- (h) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; - Not Applicable during the review period.
- (i) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;
- (j) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations, 2018 regarding the Companies Act and dealing with client;

and circulars/ guidelines issued thereunder and the additional affirmations as per the circulars issued by the stock exchanges on 16th March 2023 and subsequent amendments thereon;

and based on the above examination, we hereby report that, during the Review Period:

The compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD/114/2019 dated 18th October 2019 – Not applicable during review period;

We hereby report that, during the Review Period the compliance status of the listed entity is appended as below:

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations/Remarks by PCS
1	<p><b>Secretarial Standards:</b></p> <p>The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI), as notified by the Central Government under section 118(10) of the Companies Act, 2013 and mandatorily applicable.</p>	Yes	-
2	<p><b>Adoption and timely updation of the Policies:</b></p> <ul style="list-style-type: none"> <li>All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities</li> <li>All the policies are in conformity with SEBI Regulations and has been reviewed &amp; timely updated as per the regulations/circulars/ guidelines issued by SEBI</li> </ul>	Yes	-
3.	<p><b>Maintenance and disclosures on Website:</b></p> <ul style="list-style-type: none"> <li>The Listed entity is maintaining a functional website</li> <li>Timely dissemination of the documents/ information under a separate section on the website</li> <li>Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website</li> </ul>	Yes	-
4.	<p><b>Disqualification of Director:</b></p> <p>None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013</p>	Yes	-
5.	<p><b>Details related to Subsidiaries of listed entities have been examined w.r.t.:</b></p> <p>(a) Identification of material subsidiary companies</p> <p>(b) Disclosure requirement of material as well as other subsidiaries</p>	Yes	-
6.	<p><b>Preservation of Documents:</b></p> <p>The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.</p>	Yes	-
7.	<p><b>Performance Evaluation:</b></p> <p>The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations</p>	Yes	-
8	<p><b>Related Party Transactions:</b></p> <p>(a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or</p> <p>(b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ ratified/ rejected by the Audit Committee, in case no prior approval has been obtained.</p>	Yes	-
9.	<p><b>Disclosure of events or information:</b></p> <p>The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.</p>	Yes	-
10.	<p><b>Prohibition of Insider Trading:</b></p> <p>The listed entity is in compliance with Regulation 3(5) &amp; 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015</p>	Yes	-



Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations/Remarks by PCS
11.	<b>Actions taken by SEBI or Stock Exchange(s), if any:</b> No Actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder	Yes	-
12.	<b>Additional Non-compliances, if any:</b> No additional non-compliance observed for all SEBI regulation/circular/ guidance note etc.	Yes	-

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sl. No.	Compliance Requirement (Regulations /circulars/ guidelines including specific clause)	Regulation /Circular No.	Devia-tions	Action Taken by	Type of Action	Details of Violaion	Fine Amount	Observations /Remarks of the Practicing Company Secretary	Manag-ement Response	Remarks
					Advisory/ Clarification/ Fine/Show Cause Notice/ Warning, etc.					
No deviations / non-compliance during the review period										

(b) The listed entity has taken the following actions to comply with the observations made in previous reports;

Sl. No.	Compliance Requirement (Regulations /circulars/ guidelines including specific clause)	Regulation /Circular No.	Devia-tions	Action Taken by	Type of Action	Details of Violaion	Fine Amount	Observations /Remarks of the Practicing Company Secretary	Manag-ement Response	Remarks
					Advisory/ Clarification/ Fine/Show Cause Notice/ Warning, etc.					
No deviations / non-compliance during the review period										

**For RPR & ASSOCIATES**  
Company Secretaries

Place: Hyderabad  
Date: 27th April, 2023

**Y Ravi Prasada Reddy**  
Proprietor  
FCS No: 5783, C P No: 5360  
Peer Review Certificate No. 1425/2021  
UDIN: F005783E000208282

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# ANNEXURE C

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Date: April 24, 2023

To  
The Board of Directors  
**Laurus Labs Limited**

We, Dr. C. Satyanarayana, CEO and Mr. V.V. Ravi Kumar, CFO hereby certify as under:

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2023 and that to the best of our knowledge and belief:
- (1). These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2). These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2023 are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- D. (1). There has not been any significant changes in internal control over financial reporting during the year;
- (2). There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
- (3). We are not aware of any instances during the year of significant fraud with involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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Thanking you,

**For Laurus Labs Limited**

Sd/- Sd/-  
**Dr. C. Satyanarayana**  
Chief Executive Officer

**For Laurus Labs Limited**

**Mr. V.V. Ravi Kumar**  
Chief Financial Officer

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# ANNEXURE D

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## Certificate on Corporate Governance

To  
The Members of  
**M/s. LAURUS LABS LIMITED**  
Laurus Enclave, Plot Office 01, E. Bonangi Village,  
Parawada Mandal, Anakapalli District, Andhra Pradesh – 531021.

We have examined the compliance conditions of Corporate Governance by **M/s. Laurus Labs Limited** for the financial year ended 31st March, 2023, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“SEBI (LODR) Regulations, 2015”] and the Uniform Listing Agreement entered between the Company & Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company’s management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge and according to the explanations given to us, we certify that the Company has complied with the conditions of applicable Corporate Governance as stipulated in the above mentioned SEBI (LODR) Regulations, 2015 and the Uniform Listing Agreement.

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

**For RPR & ASSOCIATES**  
Company Secretaries

Place: Hyderabad  
Date: 27th April, 2023

**Y Ravi Prasada Reddy**  
Proprietor  
FCS No: 5783, C P No: 5360  
Peer Review Certificate No. 1425/2021  
UDIN: F005783E000208282

# BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

## Section A) General Disclosures

### I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L24239AP2005PLC047518
2.	Name of the Listed Entity	Laurus Labs Limited
3.	Year of incorporation	2005
4.	Registered office address	Laurus Enclave, Plot Office 01, E. Bonangi Village, Parawada Mandal, Anakapalli District– 531 021, Andhra Pradesh, India.
5.	Corporate address	2 <sup>nd</sup> Floor, Serene Chambers, Road No.7, Banjara Hills, Hyderabad – 500 034, Telangana, India
6.	E-mail	<a href="mailto:secretarial@lauruslabs.com">secretarial@lauruslabs.com</a>
7.	Telephone	+91 40 6659 4333
8.	Website	<a href="http://www.lauruslabs.com">www.lauruslabs.com</a>
9.	Financial year for which reporting is being done	2022-23
10.	Name of the Stock Exchange(s) where shares are listed	NSE & BSE
11.	Paid-up Capital	₹ 107,73,01,850/-
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. G. Venkateswar Reddy, Company Secretary and Compliance Officer Telephone: +91 40 6659 4333 Email: <a href="mailto:secretarial@lauruslabs.com">secretarial@lauruslabs.com</a> Address: 2 <sup>nd</sup> Floor, Serene Chambers, Road No.7, Banjara Hills, Hyderabad – 500 034, Telangana, India
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)	<b>Standalone basis</b>

### II. Product & Services

14. Details of business activities (accounting for 90% of the turnover):

S No	Description of Main Activity	Description of Business Activity	% of the turnover of the entity
1.	Manufacturing of pharmaceutical products	Manufacturing of pharmaceutical products	99.72 %

15. Products/Services sold by the entity (accounting for 90% of the entity's turnover)

S No	Product /Service	NIC Code	% of the total turnover contributed
1.	Pharmaceutical Products	21009	97.48 %

### III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated

Location	Number of Plants	Number of Offices	Total
<b>National:</b>			
Visakhapatnam, Andhra Pradesh, India	6	1	7
Hyderabad, Telangana, India	1	1	2
<b>International:</b>			
USA, UK, Germany, SA		4	4



17. Markets served by the entity:

a. Number of Locations

Locations	Number
National	Pan india
International	62 Countries

b. What is the contribution of exports as a percentage of the total turnover of the entity ? - **71%**

c. A brief on types of customers - **Refer note no. 17(v) of the standalone financial statements**

18. Employees

#### IV. Details as at the end of the year

a. Employees and workers (including differently abled):

SL No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. C	% (C/A)
<b>Employees</b>						
1	Permanent (D)	5753	5335	92.73	418	7.27
2	Other than Permanent (E)					
3	Total Employees (D+E)	5753	5335	92.73	418	7.27
<b>Workers</b>						
4	Permanent (F)					
5	Other than Permanent (G)	4561	4528	99.28	33	0.72
6	Total (F+G)	4561	4528	99.28	33	0.72

b. Differently Abled Employees & Workers

SL No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. ©	% (C/A)
<b>Differently Abled Employees</b>						
1	Permanent (D)	0	0	0	0	0
2	Other than Permanent (E)	0	0	0	0	0
3	Total Employees (D+E)	0	0	0	0	0
<b>Differently Abled Workers</b>						
4	Permanent (F)	0	0	0	0	0
5	Other than Permanent (G)	0	0	0	0	0
6	Total (F+G)	0	0	0	0	0

19. Participation/Inclusion/Representation of Women

Particulars	Total (A)	No. and percentage of Females	
		No.(B)	% (B/A)
Board of Directors	8	1	12.5%
Key Management Personnel	4	0	0

20. Turnover rate for permanent employees and workers.

	Turnover Rate - FY2023			Turnover Rate – FY2022			Turnover Rate – FY2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	19%	26%	19%	14%	18%	15%	13%	16%	14%
Permanent Workers									

## V. Holding, Subsidiary and Associate Companies (Including joint ventures)

21.(a) Names of holding/subsidiary/associate companies/joint ventures

S. No.	Name of the company	CIN/ FCRN	Holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by Holding Company	Does the company participate in the Business Responsibility initiatives of the parent company? (Yes/No)
1	Sriam Labs Private Limited	U24239TG2002PTC038490	Subsidiary	100 %	Yes
2	Laurus Synthesis Private Limited	U24110TG2020PTC140333	Subsidiary	100 %	Yes
3	Laurus Specialty Chemicals Private Limited	U24110TG2022PTC168791	Subsidiary	100 %	Yes
4	Laurus Bio Private Limited	U02423KA2005PTC036770	Subsidiary	76.60 %	Yes
	Immunoadoptive Cell Therapy Private Limited	U74999MH2018PTC315497	Associate	26.62 %	Yes
	Ethan Energy India Private Limited	U40100TG2018FTC125395	Associate	26 %	Yes
5	Laurus Generics SA (Pty) Ltd		Subsidiary	100 %	Yes
7	Laurus Holdings Limited		Subsidiary	100 %	Yes
8	Laurus Generics GmbH		Step Down Subsidiary	100 %	Yes
9	Laurus Generics Inc		Step Down Subsidiary	49.24 % Directly and 50.76 % through Laurus Holdings Limited	Yes

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CSR Details

- (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes
- (ii) Turnover (in ₹): 5,773 Crores
- (iii) Net worth (in ₹): 4057 Crores

## VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder Group from whom complaint is received	Grievance Redressal Mechanism in Place. Yes/No (If yes then provide web link grievance redress policy)	FY2023			FY2022		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0		0	0	
Investors (Other than Shareholders)	Yes	0	0		0	0	
Shareholders	Yes	0	0		0	0	
Employees & Workers	Yes	0	0		0	0	
Customers	Yes	0	0		0	0	
Value Chain Partners	Yes	0	0		0	0	
Other (Please specify)							





weblink of the policy on grievance handling - <https://www.lauruslabs.com/Investors/PDF/Policies/PGH.pdf>















24. Overview of the entity's material responsible business conduct issues

Indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, the rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications, as per the following format

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

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

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

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



## SECTION B: Management and Process Disclosures

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	No	Yes	No formal policy yet	No formal policy yet	Yes	No	Yes	No
b. Has the policy been approved by the Board? (Yes/No)	Approved by HOD	No	Yes	No	No	Yes	No	Yes	No
c. Web Link of the Policies, if available	<a href="https://www.lauruslabs.com/Investors/PDF/Policies/BCCEP.pdf">https://www.lauruslabs.com/Investors/PDF/Policies/BCCEP.pdf</a>	No	<a href="https://www.lauruslabs.com/Investors/PDF/Policies/BCCEP.pdf">https://www.lauruslabs.com/Investors/PDF/Policies/BCCEP.pdf</a>	No	No	<a href="https://www.lauruslabs.com/Investors/PDF/Policies/EHSPolicy-LaurusLabs.pdf">https://www.lauruslabs.com/Investors/PDF/Policies/EHSPolicy-LaurusLabs.pdf</a>	NA	<a href="https://www.lauruslabs.com/Investors/PDF/Policies/Corporate_Social_Responsibility_Policy.pdf">https://www.lauruslabs.com/Investors/PDF/Policies/Corporate_Social_Responsibility_Policy.pdf</a>	No
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	No	Yes	No	No	Yes	No	Yes	No
3. Do the enlisted policies extend to your value chain partners? (Yes/ No)	Yes	No	No	No	No	Yes	No	No	No
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Yes, We follow GRI guidelines	No	Yes. We follow ISO45001	No	No	Yes ISO 14001	No	Yes	No
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure): Refer Chairman's Letter Page 11									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Dr. Satyanarayana Chava, Executive Director and Chief Executive Officer								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, details.	Yes. Dr. Satyanarayana Chava, Executive Director and Chief Executive Officer is responsible								

## 10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Business Steering Committee	Business Steering Committee	Business Steering Committee	Business Steering Committee	Business Steering Committee	Business Steering Committee	Business Steering Committee	Business Steering Committee	Business Steering Committee	Annually	Annually	Annually	Annually	Annually	Annually	Annually	Annually	Annually
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes									
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, Name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9	No	No	No	No	No	No	No	No	No
12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:																		
<b>Questions</b>										<b>P1</b>	<b>P2</b>	<b>P3</b>	<b>P4</b>	<b>P5</b>	<b>P6</b>	<b>P7</b>	<b>P8</b>	<b>P9</b>
The entity does not consider the Principles material to its business (Yes/No)	N									N	N	N	N	N	N	N	N	N
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	The company has no direct policies for the specified principles however our ESG initiatives are mostly in alignment with the goals of the 9 principles.																	
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	N									N	N	N	N	N	N	N	N	N
It is planned to be done in the next financial year (Yes/No)	The company has no plans to implement in FY24 however going forward the management may align its ESG initiatives with the 9 principles.																	
Any other reason (please specify)	Nil																	

## Section C) Principle -wise performance disclosure

### Principle 1. Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable.

#### Essential Indicators:

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total Number of training and awareness programmes held	Topics / principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	Nil	Nil	Nil
Key Managerial Personnel	Nil	Nil	Nil
Employees other than BoD and KMPs	Nil	Nil	Nil
Workers	Nil	Nil	Nil

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

A. Monetary

Particulars	NGRBC Principle	Name of the regulatory /Enforcement agencies/judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred ? (Yes/No)
Penalty/Fine	NIL				
Settlement					
Compounding Fee					

B. Non Monetary

Particulars	NGRBC Principle	Name of the regulatory /Enforcement agencies/judicial institutions	Brief of the Case	Has an appeal been preferred ?
Imprisonment				
Punishment		NIL		

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory /enforcement agencies/judicial institutions
	Nil

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, details in brief and if available, a web-link to the policy.

Yes. <https://www.lauruslabs.com/Investors/PDF/Policies/BCCEP.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY2023	FY2022
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest

Particulars	FY2023		FY2022	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0		0	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0		0	

7. Details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

### Leadership Indicators

1. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, details of the same.

Yes. Declaration and recusing the respective board members in discussions and voting.

## Principle 2. Businesses should provide goods and services in a manner that is sustainable and safe.

Essential Indicators:

1. Percentage of R&D and capital expenditure (CAPEX) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Category	FY2023	FY2022	Details of improvements in environmental and social impacts
R&D	0.92 %	0.40 %	<p>Lesser footprint with improved process safety.</p> <p>Improve the atom efficiency of the processes.</p> <p>Minimize re-works, handling wastage and exposure to humans.</p> <p>Enhanced control over product quality which ensures patient safety.</p> <hr/> <p>Helps in achieving improved control over particle size of oral solid drug substances.</p> <p>This helps in developing novel drugs meeting the unmet patient needs.</p> <hr/> <p>Helps in understanding complex reactions which are sensitive to oxygen/air.</p> <p>In turn, this helps in developing novel drugs meeting the unmet patient needs.</p> <hr/> <p>Reduce the number of process steps to reduce the carbon footprint</p> <p>Improve the atom efficiency of the processes.</p> <hr/> <p>Reduce the number of process steps to reduce the carbon footprint</p> <p>Improve the atom efficiency of the processes.</p>
Capex			

2. a. Does the entity have procedures in place for sustainable sourcing? **Yes**
- b. If yes, what percentage of inputs were sourced sustainably?
3. Processes in place to safely reclaim products for reuse, recycle, and describe the safe disposal of products at the end of life for a. Plastics (Including Packaging) b. E-Waste c. Hazardous waste d. other waste

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

We are committed to engaging with our suppliers to help them improve the social and environmental impact of the materials and services they offer. The supplier code of conduct and sustainable supply chain questionnaire helps us assess and align our suppliers with core values as they sign up to foster a culture of honesty, accountability, and integrity. The CoC also helps us in integrating sustainability parameters into our supply chain. The CoC covers aspects such as labour rights, anti-bribery and corruption, health and safety, environment, ethics, data privacy, confidentiality, and information protection.

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

We also regularly monitor our waste management systems and procedures to ensure that the waste generated throughout our sites undergoes proper and safe treatment. Solvent recovery systems deployed at our API locations allow predefined volumes of used solvent to be recovered. Our operational efficiency allows us to use resources conservatively and reduce waste. We comply with all the local and national regulations, in addition to adopting global standards in safe handling and disposal of emissions and effluents



4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, steps taken to address the same. - **No**

**Leadership Indicators**

1. Life Cycle Assessment

Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for the manufacturing industry) or for its services (for the service industry)? If yes, details in the following format.

NIC Code	Name of Product / Service	% of total turnover contributed	The boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by an independent external agency	Results communicated in public domain (Yes/No) If yes provide the link
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During the earlier years, the Company has already carried out Life Cycle Assessment in respect of Curcumin and Resveratrol.

2. If there are any significant social or environmental concerns and/or risks arising from the production or disposal of your products/ services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same. – **Nil**

Name of the product /Service	Description of the risk/concern	Action Taken

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

**Nil**

Indicate Input Material	Recycled or re-used input material to total material	
	FY23	FY22

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format: **Nil**

Category	FY23			FY22		
	Re-used	Re-Cycled	Safely Disposed	Re-used	Re-Cycled	Safely Disposed
Plastics (including packaging)						
E-waste						
Hazardous waste						
Other waste						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category. **Nil**

Indicate Product Category	Reclaimed products and their packaging materials as % of total products sold in respective category

**Principle 3. Businesses should respect and promote the well-being of all employees, including those in their value chains.**

1.a. Details of measures for the well-being of employees

Category	% of employees covered by										
	Total A	Health Insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number B	% (B/A)	Number C	% (C/A)	Number D	% (D/A)	Number E	% (E/A)	Number F	% (F/A)
<b>Permanent Employees</b>											
Male	5335	5335	100%	5335	100%	NA	NA	5335	100%	NA	NA
Female	418	418	100%	418	100%	418	100%	NA	NA	418	100%
Total	5753	5753	100%	5753	100%	418	100%	5335	100%	418	100%
<b>Other than permanent employees</b>											
Male											
Female											
Total											

b. Details of measures for the well-being of Workers

Category	% of workers covered by										
	Total A	Health Insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number B	% (B/A)	Number C	% (C/A)	Number D	% (D/A)	Number E	% (E/A)	Number F	% (F/A)
<b>Permanent Workers</b>											
Male	NIL										
Female	NIL										
Total	NIL										
<b>Other than permanent workers</b>											
Male				4528	100						
Female				33	100					33	100
Total				4561	100					33	100

2. Details of retirement benefits, for current FY and previous financial year

Benefits	FY 2023			FY 2022		
	Number of employees covered as % of total employees	Number of Workers covered as % of total employees	Deducted and deposited with the authority (Y/N/N.A)	Number of employees covered as % of total employees	Number of Workers covered as % of total employees	Deducted and deposited with the authority (Y/N/N.A)
PF	100%		Y	100%		Y
Gratuity	39%		NA	38%		NA
ESI	22%		Y	25%		Y
Others – specify	--		--	--		--

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard. - **Yes**

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, a web-link to the policy. – **Yes**, <https://www.lauruslabs.com/Investors/PDF/Policies/NDP.pdf>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work Rate	Retention Rate	Return to work Rate	Retention rate
Male	99%	100%		
Female	97%	100%		
Total	98%	100%		

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Particulars	Yes/No ( if yes then give details of the mechanism in brief )
Permanent Workers	Yes
Other than Permanent Workers	Yes
Permanent Employees	Yes
Other than permanent Employees	Yes

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY2023			FY2022		
	Total employees / workers in respective category (A)	Total employees/ workers in respective category, who are part of association (s) or Union (s)	% B/A	Total employees / workers in respective category (A)	Total employees/ workers in respective category, who are part of association (s) or Union (s)	% B/A
<b>Total Permanent Employees</b>						
Male		Nil			Nil	
Female						
<b>Total Permanent Workers</b>						
Male		Nil			Nil	
Female						

8. Details of Training imparted to the employees and workers on health & safety measures and on skill upgradation

Category	FY2023					FY2022				
	Total (A)	On health and safety Measures		On skill upgradation		Total (D)	On health and safety Measures		On skill upgradation	
		No. B	% (B/A)	No.C	% (C/A)		No. (E)	% (E/D)	No.(F)	%(F/D)
Employees										
Male	5335	5335	100	5335	100	4743	4404	92.86	4404	92.86
Female	418	418	100	418	100	388	362	93.43	362	93.43
Total	5753	5753	100	5753	100	5131	4766	93.14	4766	93.14
Workers										
Male										
Female										
Total										

9. Details of performance and career development reviews of employees and workers:

Category	FY2023			FY2022		
	Total (A)	No.(B)	% (B/A)	Total C	No.(D)	% (D/C)
<b>Employees</b>						
Male	5335	5335	100	4743	4743	100
Female	418	418	100	388	388	100
Total	5753	5753	100	5131	5131	100
<b>Workers</b>						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
Total	-	-	-	-	-	-

10. Health and safety management system

- a. Whether an occupational health and safety management system has been implemented by the entity? **(Yes/ No)**. If yes, the coverage such system?

**Yes, all our units are certified with ISO 45001:2018. We carry out internal audits to check the effectiveness of EHSMS periodically. Trained EHSMS coordinators are appointed to implement OHSMS.**

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

**We have different standard operating procedures such as (EHS/004: EHS Risk Assessment and EHS/028: EHS Internal audits, inspection) implemented to identify work related hazards and their associated risks. Before execution of any process we carry out activity based risk assessment (ABRA) followed by HAZOP study (Hazard Operability) and ERA (Exposure Risk Assessment). We implement all recommendations to ensure the process is safe before execution.**

**We have implemented change control program where all changes (which may create potential risks) are assessed prior to implementation and after thorough review, all changes are accepted.**

**We follow up line management responsibility in implementing safety and hence we engage our employees as One Day safety officer to identify unsafe situations. Safety department takes round on the shop floor and highlights the unsafe situations as well.**

**We have engaged few employees as safety champion and they are present in every shift, observe and highlight all unsafe situations. These observations are reviewed by their respective block in-charge followed by unit EHS lead.**

- c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. **(Y/N)**

**Yes, we encourage our workers to report all unsafe observations immediately. We have engaged our employees as safety champion who are reporting in each shift, takes round on the shop floor, monitors critical activities and reports all unsafe situations.**

**Also we have dedicated safety department who takes frequent rounds in shop floor to identify unsafe situations.**

**We have EHS committee members who highlight all unsafe situations to the safety department and safety committee.**

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? **(Yes/ No)**

**No, the employees/ workers of the entity does not have access to non-occupational medical and healthcare services.**

11. Details of safety related incidents

Safety Incident / Number	Category	FY2023	FY2022
Lost Time Injury Frequency Rate (LTIFR) Per One million -person hours worked	Employees	0.23	-
	Workers	-	-
Total recordable work-related injuries	Employees	-	-
	Workers	-	-
No of fatalities	Employees	3	-
	Workers	2	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-



12. Measures taken by the entity to ensure a safe and healthy work place.

1. **We have implemented various standard operating procedures (SOP) and Operational Control Procedures (OCP) to ensure safety at workplace.**
2. **Periodically training is given to all workers on safe practices.**
3. **Continuous inspections and periodical audits are carried out to identify all unsafe situations.**
4. **We are carrying out several audits in the specific areas by the third party to identify the gaps and improving further.**
5. **Designed the workplace based on the latest statutory requirements and complying with all safety norms.**
6. **Process safety studies are carried out for all processes before execution, risk assessment is done to make the process safe. All process safety requirements are implemented.**
7. **EHS promotional activities are carried out to encourage safe practices and promote safety as a culture.**
8. **Periodical review meeting with senior management to improve safety requirement.**

13. Number of complaints made by employees and workers

	FY2023			FY2022		
	Filed during the year	Pending resolutions at the end of the year	Remarks	Filed during the year	Pending resolutions at the end of the year	Remarks
Working Conditions	0	0		0	0	
Health & Safety	0	0		0	0	

14. Assessments for the year

Particulars	% of plants and offices that were assessed (By entity or statutory authorities or third parties)
Health and safety practices	100% - by entity
Working Conditions	100% - by entity

15. Details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

- **We implement all recommendations related to different safety audits, statutory audits and incidents. Best practices from other industries are implemented as well.**
- **All recommendations related to risk assessments are implemented to make the process safe.**

#### Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

**Yes for both the Employees and Workers**

2. Measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

**The Company collects the proofs of deposits of statutory dues like payment challans etc. from the value chain partners before releasing their bills regularly and ensures that the statutory dues have been deducted and deposited by the value chain partners with the relevant statutory authorities.**

3. Number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Category	Total Number of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY2023	FY2022	FY2023	FY2022
Employees	3	0	0	0
Workers	2	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No) - **No**

5. Details of Assessment of value chain partners

Particulars	% of value chain partners ( by the value of business done with such partners ) that were assessed
Health & and safety practices	0%
Working conditions	

6. Details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

**No Such cases**

**Principle 4. Businesses should respect the interests of and be responsive to all its stakeholders.**

**Essential Indicators:**

1. Process for identification of key stakeholder groups of the entity

Over the years we have developed firm-level processes to encourage open and constructive interaction with our stakeholders. It reinforces our understanding of relevant matters and helps us identify those attributes of stakeholders that make them important to our business and necessitate meaningful engagement. Engaging with stakeholders provides us an opportunity to serve them in the best sustainable way and redefine our strategies to deliver the maximum value. By partnering with our stakeholders, we involve them in the decision making, product and process improvement and create an enabling environment to do better together.

Our sustainability programme brings together stakeholders from across the pharmaceutical value chain to identify and address the industry’s most pressing environmental issues. One-on-one meetings, annual general meetings, training, group discussions, surveys, and supplier and custodial relationships are all examples of systematic channels of interaction with our stakeholders integrated throughout our business operations.

At a strategic level, stakeholder issues are examined and taken into account. The stakeholder engagement framework represents how we connect with our stakeholders and address their major problems. The table below details the various stakeholder groups that have had direct or indirect contact with Laurus Labs, as well as their ways of involvement and key concerns.

2. List Key stakeholder groups for your entity and the frequency of engagement with each stakeholder group.

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers		<ul style="list-style-type: none"> <li>Customer audits</li> <li>One-on-one meetings</li> <li>Exhibitions</li> </ul>	Regular interval	<ul style="list-style-type: none"> <li>Safety</li> <li>Customer data protection and privacy</li> <li>Product efficacy</li> <li>Quality</li> <li>Sustainable supplies</li> </ul>
Investors and Shareholders		<ul style="list-style-type: none"> <li>Financial results/ investor calls</li> <li>Television and print media interviews</li> <li>Annual bankers meet</li> <li>Email announcements</li> </ul>		<ul style="list-style-type: none"> <li>Business growth/ profitability</li> <li>Newer opportunities</li> <li>Risk management,</li> <li>Governance</li> </ul>
Government and regulators		<ul style="list-style-type: none"> <li>Regulatory audits</li> <li>Engagement on a need basis</li> <li>Participation in forums</li> </ul>		<ul style="list-style-type: none"> <li>Compliance</li> <li>Stipulated timely reporting</li> <li>Sustainable practices</li> <li>Inclusive growth</li> </ul>

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees		<ul style="list-style-type: none"> <li>• Formal induction at the time of joining</li> <li>• Technical and non-technical training programs</li> <li>• Town hall meetings</li> <li>• Operations review meetings</li> <li>• Quarterly newsletters</li> <li>• Intranet portal</li> <li>• International Safety Day celebrations</li> <li>• Laurus Labs Family Day—an annual cultural extravaganza</li> <li>• Annual sports meet</li> <li>• Programs and competitions for employees and their families</li> <li>• Grievance redressal mechanism</li> <li>• Continual feedback sessions</li> <li>• Mailers on Safety, Health especially COVID-19 awareness</li> </ul>		<ul style="list-style-type: none"> <li>• Workplace safety, employee welfare, IR issues</li> <li>• Professional growth</li> <li>• Employee benefits and other facilities</li> <li>• Diversity at the workplace</li> <li>• Leadership connect sessions</li> <li>• Equal opportunities</li> <li>• Wages and benefits</li> <li>• Work-life balance</li> </ul>
Business partners / suppliers and service providers		<ul style="list-style-type: none"> <li>• Contract agreements</li> <li>• Global pharma meets</li> <li>• Symposiums</li> <li>• Seminars</li> </ul>		<ul style="list-style-type: none"> <li>• Payment processing cycles</li> <li>• Business ethics and transparency</li> <li>• Sustainability performance</li> </ul>
Communities and NGOs		<ul style="list-style-type: none"> <li>• Direct meets with local representatives</li> <li>• Science exhibitions &amp; health camps</li> <li>• Initiatives like community tree plantations, RO water facilities at public places, building community infrastructure, aid to government schools, hospitals and NGOs</li> <li>• Collaboration with government/ NGOs</li> </ul>		<ul style="list-style-type: none"> <li>• Community development (education, healthcare, sanitation, water)</li> <li>• Livelihood creation</li> <li>• Other social benefits</li> <li>• Local sourcing of labour</li> <li>• Managing conflict</li> <li>• Social licence to operate</li> </ul>

**Leadership Indicators:**

- Processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Our Board of Directors serves as a source of advice and counsel in ensuring highest levels of corporate governance through risk control and regulatory compliance. The Board of Directors oversees the organizational management to assure that all the stakeholder demands are met promptly. By responsibly addressing the concerns of the stakeholders in our value chain, the Board of Directors and the senior management team ensure that the long-term interests of multiple parties are recognized. The committees appointed by the board focus on specific areas where they can make informed decisions and provide recommendations to the board on the matters in their areas.

The Board commits to providing accurate and thorough financial and non-financial reporting, as well as a rigorous feedback mechanism. To protect stakeholder interests, we will adopt best practices for disclosures and be subject to internal and/or external assurance and governance procedures.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No).

**Yes**

If so, details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

**Over the years we have developed firm-level processes to encourage open and constructive interaction with our stakeholders. It reinforces our understanding of relevant matters and helps us identify those attributes of stakeholders that make them important to our business and necessitate meaningful engagement. Engaging with stakeholders provides us an opportunity to serve them in the best sustainable way and redefine our strategies to deliver the maximum value. By partnering with our stakeholders, we involve them in the decision making, product and process improvement and create an enabling environment to do better together.**

**We have adopted a structured approach to materiality assessment aligned to the GRI standards and IR framework that includes identifying a broad umbrella of relevant issues and prioritizing them based on changing business needs and stakeholder feedback.**

3. Details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

**At a strategic level, stakeholder issues are examined and taken into account. The stakeholder engagement framework represents how we connect with our stakeholders and address their major problems. The table provided in the principle 4 details the various stakeholder groups that have had direct or indirect contact with Laurus Labs, as well as their ways of involvement and key concerns.**

## Principle 5. Businesses should respect and promote human rights

### Essential Indicators

1. Training on human rights issues and policies

Category	FY2023			FY2022		
	Total (A)	Number of employees and workers covered (B)	% (B/A)	Total (C)	Number of employees and workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	5753	5753	100%	5131	5131	100%
Other than Permanent						
Total Employees	5753	5753	100%	5131	5131	100%
<b>Workers</b>						
Permanent						
Other than permanent	4561	4561	100%	3344	3344	100%
Total Workers	4561	4561	100%	3344	3344	100%

2. Details of minimum wages paid to employees and workers, in the following format

Category	FY2023					FY2022				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than minimum wage	
		No.(B)	%(B/A)	No.(C)	%(C/A)		No.(E)	%(E/D)	No.(F)	%(F/D)
<b>Employees</b>										
Permanent	5335			5335	100	4743			4743	100
Male	418	-	-	418	100	388	-	-	388	100
Female	5753	-	-	5753	100	5131	-	-	5131	100
<b>Other than Permanent</b>	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
<b>Workers</b>										
<b>Permanent</b>	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
<b>Other than Permanent</b>	4561			4561	100	3344	100		3344	100
Male	4528			4528	100	3314	100		3314	100
Female	33			33	100	30	100	-	30	100

3. Details of remuneration/ salary/ wages

Category	Male		Female	
	Number	Median remuneration/salary/ wages of respective category	Number	Median remuneration/salary/ wages of respective category
Board of Directors	7	4,900,000	1	2,600,000
Key Managerial Personnel	1	7,343,800	-	-
Employees other than BoD and KMP	5,332	454,008	418	325,746
Workers				

4. Focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

**Head of Human Resources i.e. Mr.Narasimha Rao Chava, Senior Vice President (HR) and Head of Legal Department i.e. Mr. G. Venkateswar Reddy, Vice President (Legal) and Company Secretary will be responsible.**

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

**The Company has enforced various policies which take care of human rights and any grievances shall be escalated to the HR team which is basically responsible to implement the policies and accordingly HR team shall take suitable measures to redress grievances relating to violation of human rights, if any.**

6. Number of complaints made by employees and workers on the following:

Category	FY2023			FY2022		
	Filed during the day	Pending Resolution at the end of the year	Remarks	Filed During the Year	Pending Resolution at the end of the year	Remarks
Sexual Harassment	0	0		0	0	
Discrimination at workplace	0	0		0	0	
Child Labour	0	0		0	0	
Forced Labour/Involuntary Labour	0	0		0	0	
Wages	0	0		0	0	
Other human right related issues	0	0		0	0	

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

**The Company has implemented Whistle Blower Mechanism where any discrimination and harassment cases can be directly brought to the notice of Board of Directors. Similarly, in sexual harassment cases, there are Internal Complaints Committees (ICCs) and relevant policies to ensure that complainant(s) shall not be met with adverse consequences.**

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

**Yes, particularly relating to non-engagement of child labour, forced labour, non-discrimination at work places etc.**

9. Assessments of the year

Category	% of plants and offices that were assessed by the entity or by the statutory authorities or third parties
Child Labour	
100% of plants and offices were assessed by the Company itself.	
Forced/Involuntary Labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	Nil



10. Details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

No such cases.

#### Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

**There were no such grievances/complaints in the Company.**

2. Details of the scope and coverage of any Human rights due-diligence conducted.

**No such third party due diligence was conducted.**

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016? - **Yes**

4. Details on assessment of value chain partners - **No**

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	
Discrimination at workplace	
Child Labour	
Forced labour/Involuntary Labour	
Wages	
Others – please specify	

5. Details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above. – **Nil**

### Principle 6. Businesses should respect and make efforts to protect and restore the environment.

#### Essential Indicators:

1. Details of total energy consumption (in Joules or multiples) and energy intensity

Parameter	FY23	FY22
Total electricity consumption (A)	806,676 GJ	743,394 GJ
Total fuel consumption (B)	2,080,293 GJ	1,488,419 GJ
Energy consumption through other sources (C)	123,514 GJ	100,625 GJ
<b>Total energy consumption (A+B+C)</b>	<b>3,010,483 GJ</b>	<b>2,332,438 GJ</b>
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0.00005 GJ/Rupees	0.00005 GJ/Rupees
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - **No**

2. Any Sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) - **No**

If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, the remedial action taken, if any.

3. Details of the following disclosures related to water

Parameter	FY23	FY22
Water Withdrawal by Source (In Kilotiters)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	1,385,309	1,312,021
(iv) Seawater / desalinated water		
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	<b>1,385,309</b>	<b>1,312,021</b>
Total volume of water consumption (in kilolitres)	1,348,289	1,312,021
Water intensity per rupee of turnover (Water consumed / turnover)	0.000023 KL / rupee	0.000026 KL / rupee
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) - **No**

If yes, name of the external agency

4. Mechanism for Zero Liquid Discharge? If yes, details of its coverage and implementation.

Our operational units are not designed as ZLD. As per the EC terms of industrial cluster, we are disposing waste water to the common effluent treatment plants authorized by State Pollution Control Board (SPCB).

5. Details of air emissions (other than GHG emissions) by the entity

Parameter	Please specify unit	FY23	FY22
NOx	Ton	213.95	163.05
SOx	Ton	630.78	525.6
Particulate Mater	Ton	127.72	132.49
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – please specify	-	-	-

Independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) - **No**

If yes, name of the external agency

6. Details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & their intensity

Parameter	Unit	FY23	FY22
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	182,215	132,250
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	159,094	163,134
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>	Metric tons of CO <sub>2</sub> equivalent/rupee	0.0000058	0.0000059
<b>Total Scope 1 and Scope 2 emission intensity</b> (optional) – the relevant metric may be selected by the entity	-	-	-

Independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) - **No**

If yes, name of the external agency

7. Does the entity have any project related to reducing Green House Gas emission? If yes, details.

- During the year 43695 tons of steam purchased from waste heat recovery boiler which saved natural resource and energy - 120719 GJ
- By installing Temperature controller for process Cooling Tower fans saved energy around 478 GJ
- Use E-vehicle inside the plant premises a step towards clean and green transport.
- Power Saving by Installing Variable-frequency drive (VFD) at various equipment's at Unit1 & Unit3 – 3664 GJ

- Step towards increasing green energy, generated and consumed 2795 GJ solar energy during the year 2022-23
- By installing movement sensors across the facilities saved energy – 173 GJ

8. Details related to Waste Management:

Parameter	FY23	FY22
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste ( A)	465.49	451.5
E-waste ( B)	2.69	5.36
Bio-medical waste ( C)	11.58	4.13
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
<b>Other Hazardous waste (G)</b>	<b>29,053</b>	<b>22,526</b>
Other Non-hazardous waste generated (H)		
(Break-up by composition i.e by materials relevant to the sector	5,950	3,266
<b>Total ( A+B+C+D+E+F+Gg+H)</b>	<b>35,483</b>	<b>26,253</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
i. Re-cycled	20,719	16,641
ii. Re-used	0	0
iii. Other recovery operations	6,552	4,452
<b>Total</b>	<b>27,271</b>	<b>21,093</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of Waste</b>		
i. Incineration	529	455
ii. Landfilling	1,696	1,417
iii. Other disposal operations	5,987	3,288
<b>Total</b>	<b>8,212</b>	<b>5,160</b>

Independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) - **No**

If yes, name of the external agency

9. Details of waste management practices adopted in the company strategy adopted by the company to reduce usage of hazardous and toxic chemicals in our products and processes and the practices adopted to manage such wastes

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

We also regularly monitor our waste management systems and procedures to ensure that the waste generated throughout our sites undergoes proper and safe treatment. Solvent recovery systems deployed at our API locations allow predefined volumes of used solvent to be recovered. Our operational efficiency allows us to use resources conservatively and reduce waste. We comply with all the local and national regulations, in addition to adopting global standards in safe handling and disposal of emissions and effluents. Some of the active measures and interventions to reduce processed waste from our operations are:

- All used batteries are returned to the supplier or recycler. E-waste is collected and delivered to authorized recyclers
- 100% of the hazardous waste produced was disposed safely across all units
- E-waste is being sent to authorized recyclers

10. Operations/offices if any in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, - **Nil**

	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
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11. Details of environmental impact assessments (EIA) of projects undertaken by the entity based on applicable laws, in the current financial year: **Nil**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web Link
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12. Compliance with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). – **Nil**

If not, details of all such non-compliances, in the following format

SL No	Law / regulation / guidelines which was not complied with	Details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
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**Leadership Indicators:**

1. Break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources:

Parameter	FY23	FY22
<b>From Renewable Sources</b>		
Total Electricity Consumption (A)	2,795 GJ	2,406 GJ
Total Fuel Consumption (B)	-	-
Energy Consumption through other sources (C)	120,719 GJ	98,219 GJ
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>123,514 GJ</b>	<b>100,625 GJ</b>
<b>From Non-Renewable Sources</b>		
Total Electricity Consumption (D)	806676 GJ	743394 GJ
Total Fuel Consumption (E)	2,080,293 GJ	1,488,419 GJ
Energy Consumption other sources (F)	-	-
<b>Total energy consumed from non- renewable sources (D+E+F)</b>	<b>2,886,969 GJ</b>	<b>2,231,813 GJ</b>

Independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) - **No**

If yes, name of the external agency

2. Break-up of details related to water discharged

Parameter	FY23	FY22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	480,852 With pretreatment	495,746 With pretreatment
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
<b>Total water discharged (in kilolitres)</b>		

Independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) - **No**

If yes, name of the external agency

3. Details of total Scope 3 emissions & its intensity

Parameter	Unit	FY23	FY22
<b>Total Scope 3 emissions</b>	Metric tonnes of CO <sub>2</sub> equivalent	73,322	65,014
(Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)			
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO <sub>2</sub> equivalent / Rupees	0.0000012	0.0000013
<b>Total Scope 3 emission intensity</b> (optional) – the relevant metric may be selected by the entity			

Independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) - **No**

If yes, name of the external agency

4. With respect to ecologically sensitive areas reported at Question 10 of Essential Indicators above, details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities. – **Nil**



5. Specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, details of the same as well as outcome of such initiatives.

SI No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
01	During the year 43695 tons of steam purchased from waste heat recovery boiler which saved natural resource and energy		120719 GJ
02	Step towards increasing green energy, generated and consumed solar power during the year 2022-23		2795 GJ
03	By installing Temperature controller for process Cooling Tower fans saved energy		478 GJ
04	Power Saving by Installing Variable-frequency drive (VFD) at various equipment's across the organisation		3664 GJ
05	Fresh water saved by utilizing MGF Back wash water to greenery development in and around the plant premises		30726 KL
06	Use E-vehicles inside the plant premises a step towards clean and green transport		--
07	By installing movement sensors across the facilities saved energy		173 GJ
08	By using waste steam from the adjacent industry saved water around		43695 KL

6. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

**Yes, we have procedure EHS 041 Business Continuity Plan in place. As per the procedure each function identifies the risks which will disrupt the business and their control measures. Functional Head leads this activity and engage the experienced person from the function to carry out this. Against each risks, response strategy and recovery plan are be prepared. Each function carry out the testing of business continuity plan once in a year and record the observations. All the recorded points are discussed in Management Review Committee.**

**Each unit has prepared the disaster management plan in the form of On-site emergency management plan (OSEP). OSEP is designed based on quantitative risk assessment and HARA (Hazard Analysis and Risk Assessment). It covers all the scenarios such as explosion, fire, toxic gas release etc. OSEP organogram is prepared to execute if required. Roles and responsibilities are assigned to personnel. Adequate resources are maintained in the unit. Periodical mock drills are conducted to assess the gaps.**

7. Any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

**No significant adverse impact to the environment, arising from the value chain.**

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

**We are committed to engaging with our suppliers to help them improve the social and environmental impact of the materials and services they offer. The supplier code of conduct and sustainable supply chain questionnaire helps us assess and align our suppliers with core values as they sign up to foster a culture of honesty, accountability, and integrity. The CoC also helps us in integrating sustainability parameters into our supply chain. The CoC covers aspects such as labor rights, anti-bribery and corruption, health and safety, environment, ethics, data privacy, confidentiality, and information protection.**

8. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts. – Nil

**Principle 7. Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.**

**Essential Indicators**

- 1 a. Number of affiliations with trade and industry chambers/associations - listed as below
- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of /affiliated to

SL No	Name of the trade industry chambers/associations	The reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry	National
2	Pharmaceuticals Export Promotion Council of India	National
3	The Federation of TG and AP Chambers of Commerce &	State
4	Industry (FTAPCCI)	National
5	Bulk Drugs Manufacturers Association	State
6	JNPC Manufacturers Association	State
7	The Associated Chambers of Commerce & Industry of India	State
8	Indo American Chamber of Commerce, Hyderabad	State
9	Indian Drug Manufacturers Association	National
10	Federation of Indian Chambers of Commerce and Industry	National

2. Details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regular authorities. - **Nil**

Name of authority	Brief of the case	Corrective actions taken

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**Principle 8. Businesses should promote inclusive growth and equitable development**

**Essential Indicators**

1. Details of social impact assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year. – **Not Applicable**

Name and brief details of the project	SIA notification No.	Date of notification	Whether conducted by an Independent external agency (Yes/No)	Results communicated in public domain (Yes/ No)	Relevant weblink

2. Information on project (s) for which ongoing rehabilitation and resettlement ( R&R) is being undertaken by the entity: **Nil**

SL No	Name of project for which R&R is ongoing	State	District	No. of project-affected families	% of PAFs covered by R&R	Amount paid to PAFs in FY23

3. Mechanisms to receive and redress grievances of the community  
**Through Mail or written communication and once been addressed, communicate back on the same channel of communication.**

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers

Particulars	FY23	FY22
Directly sourced from MSMEs/small producers	6%	5%
Sourced directly from within the district and neighbouring districts	27%	22%

## Leaders Indicators

1. Details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of essential indicators above) – **Not Applicable**

Details of negative social impact identified	Corrective action taken

2. CSR projects undertaken by the entity in designated aspirational districts as identified by government bodies : **Nil**

SL No.	State	Aspirational District	Amount Spent ( In ₹)

3. a. Preferential procurement policy with preference to purchase from suppliers comprises marginalised /vulnerable groups (Yes/No) – **No**

b. From which marginalized /vulnerable procured

c. Percentage of total procurement (by value)

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by the entity (in the current financial year) based on traditional knowledge - **Nil**

SI No.	Intellectual property based on traditional knowledge	Owned /acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved - **Nil**

Name of the authority	Brief of the case	Corrective action taken

6. Details of the beneficiaries of CSR projects : **Not Available**

SI NO.	CSR Projects	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups

of data breaches involving personally identifiable information of customers

## Principle 9. Businesses should engage with and provide value to their consumers in a responsible manner

### Essential Indicators

1. Describe the mechanism in place to receive and respond to consumer complaints and feedback

**Consumer complaints will be received by mail and reply to them after due investigations.**

2. Turnover of products and /services as a percentage of turnover from all products/service that carry information about – **Nil**

Particulars	As a % of total turnover
Environmental and social parameters relevant to the product	
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following

Particulars	FY2023	Remarks	FY2022	Remarks
	Received during the year	Pending resolution at end of year	Received during the year	Pending resolution at end of year
Data Privacy	0	0	0	0
Advertising	0	0	0	0
Cyber-security	0	0	0	0
Delivery of essential services	0	0	0	0
Restrictive Trade Practices	0	0	0	0
Unfair Trade Practices	0	0	0	0
Other	0	0	0	0

4. Details of instances of product recalls on account of safety issues:

Particulars	Number	Reasons for recall
Voluntary recalls	0	
Forced recalls	0	

5. Framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, web-link of the policy. - **Yes.** <https://www.lauruslabs.com/Investors/PDF/Policies/LaurusLabsLimitedPrivacy-policy.pdf>
6. Details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services. - **No**

**Leadership Indicators**

1. Channels / platforms where information on products and services of the entity can be accessed (web link, if available). – [www.lauruslabs.com](http://www.lauruslabs.com)
2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.  
Proper labelling based on the regulatory requirements. - **Yes**
3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services. – **Nil**
4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Nil) If yes, details in brief. Did the entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No) - **No**
5. Information relating to data breaches: **Nil**
  - a. Number of instances of data breaches along-with impact
  - b. Percentage of data breaches involving personally identifiable information of customers

# INDEPENDENT AUDITOR'S REPORT

To The Members of

**Laurus Labs Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Laurus Labs Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Revenue Recognition- Refer Note 17 of standalone financial statements</b></p> <p>The Company recognises revenue from products based on the terms and conditions of transactions which varies with different customers.</p> <p>For sale transactions in a certain period of time around the Balance Sheet date, it is essential to ensure that the control of goods have transferred to the customers.</p> <p>As revenue recognition is subject to management's judgement on whether the control of the goods have been transferred, we consider cut-off of revenue as a key audit matter.</p>	<p><b>Principal audit procedures performed:</b></p> <p>We obtained an understanding of the revenue recognition process and tested the Company's controls around the timely and accurate recording of sales transactions.</p> <p>We have obtained an understanding of a sample of customer contracts.</p> <p>We tested the access and change management controls of the relevant information technology system in which shipments are recorded.</p> <p>Our test of revenue samples focused on sales recorded immediately before the year-end, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents.</p>



### **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's report including annexures to Board's report, Report on Corporate Governance and Business Responsibility And Sustainability Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate

Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements .

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 39(C) to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv.(a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 41(vi) to the Standalone financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 41(vii) to the Standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner

- whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. (a) The first interim dividend declared and paid by the company during the year and until the date of this report is in accordance with section 123 of the Act, as applicable.
- (b) The second interim dividend declared by the Company during the year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to declaration of dividend. However, the said dividend was not due for payment on the date of this audit report.
- (c) The interim dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 01, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants  
(Firm's Registration No.117366W/W-100018)

**Ganesh Balakrishnan**

Partner  
(Membership No. 201193)  
(UDIN: 23201193BGPJPV1190)

Place: Hyderabad  
Date: April 27, 2023

# ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

## **Report on the Internal Financial Controls Over Financial Reporting with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls with reference to standalone financial statements of Laurus Labs Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and

operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to standalone financial statements .

### **Meaning of Internal Financial Controls with reference to standalone financial statements**

A company’s internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the standalone financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to standalone financial statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating

effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants  
(Firm's Registration No.117366W/W-100018)

**Ganesh Balakrishnan**

Partner  
(Membership No. 201193)

Place: Hyderabad

Date: April 27, 2023



## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work-in-progress and relevant details of right-of-use assets.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of verification of property, plant and equipment, capital work-in-progress and right-of-use assets so to cover all the items once in every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were due for physical verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) Based on our examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Company as at the balance sheet date. Immovable properties of land whose title deeds have been pledged as security for term loans and working capital limits are held in the name of the Company based on the confirmations directly received by us from lenders.
- (d) The Company has not revalued any of its property, plant and equipment (including right-of-use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventories (except for goods-in-transit, which have been received subsequent to the year-end), were physically verified during the year by the Management at reasonable intervals. In our opinion

and based on the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements, book debt statements, statements on ageing analysis of the debtors and other stipulated financial information filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.
- (iii) The Company has made investments in, provided guarantee and granted unsecured loans to companies during the year, in respect of which:
- (a) The Company has made investments in, provided / stood guarantee and granted unsecured loans during the year and details of which are given below:

(₹ in crores)

	Investments	Loans	Guarantees
<b>A. Aggregate amount granted / provided during the year:</b>			
- Subsidiaries	0.10	48.20	296.22
- Associates	22.30	-	-
- Others	-	0.81	-
<b>B. Balance outstanding as at balance sheet date in respect of above cases:</b>			
- Subsidiaries	0.10	70.50	399.22
- Associates	49.90	-	-
- Others	-	0.59	-

The Company has not provided any advances in the nature of loans or security to any other entity during the year.

- (b) The investments made, guarantees provided and the terms and conditions of the grant of all the above-mentioned loans during the year are in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.
- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- (e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made, guarantees, and securities provided, as applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, duty of Excise, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year.
- There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

Name of Statute	Nature of Dues	Amount (in ₹ crores)	Period for which the amount relates to	Forum where dispute is pending
AP VAT Act, 2005	Sales Tax	0.00 <sup>^</sup>	2014-2016	Sales Tax and VAT Appellate Tribunal, Andhra Pradesh
Finance Act, 1994	Service Tax	20.28 <sup>*</sup>	2010-2015	Customs Excise and Service Tax Appellate Tribunal
		16.45 <sup>**</sup>	2015-2017	
Customs Act, 1962	Customs Duty	16.45 <sup>#</sup>	2012-13	

<sup>^</sup> Net of ₹ 0.36 crores paid under protest

<sup>\*</sup> Net of ₹ 0.37 crores paid under protest

<sup>\*\*</sup> Net of ₹ 0.61 crores paid under protest

<sup>#</sup> Net of ₹ 2.00 crores paid under protest

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates.

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p>(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.</p> <p>(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.</p>                                                                                                      | <p>(xviii) There has been no resignation of the statutory auditors of the Company during the year.</p> <p>(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.</p> |
| <p>(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.</p> <p>(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.</p> <p>(c) As represented to us by the management, there were no whistle blower complaints received by the company during the year.</p> | <p>(xx) (a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.</p> <p>(b) In respect of ongoing projects, the company does not have any unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year and also at the end of the current financial year. Hence, reporting under this clause is not applicable for the year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p>(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.</p>                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.</p> <p>(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 2023.</p>                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.</p>                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.</p> <p>(d) The Group does not have any core investment company as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.</p>                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)

**Ganesh Balakrishnan**  
Partner  
(Membership No. 201193)

Place: Hyderabad  
Date: April 27, 2023

# BALANCE SHEET

## AS AT MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	Note	March 31, 2023	March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,780.98	2,082.49
Right-of-use assets	39A	90.54	93.19
Capital work-in-progress	3	357.06	755.03
Intangible assets	4	12.64	10.55
Financial assets			
Investments	5A	384.12	361.72
Other financial assets	5C	46.78	46.22
Loans	5B	64.50	-
Income tax assets (net)	16A	-	0.71
Other non-current assets	7A	50.08	54.05
<b>Total non-current assets</b>		<b>3,786.70</b>	<b>3,403.96</b>
<b>Current assets</b>			
Inventories	8	1,569.27	1,688.70
Financial assets			
Trade receivables	9	1,487.42	1,269.15
Cash and cash equivalents	10A	1.42	40.33
Other balances with banks	10B	0.28	0.23
Loans	5B	6.59	88.75
Other financial assets	5C	16.31	1.81
Other current assets	7B	89.97	115.60
<b>Total current assets</b>		<b>3,171.26</b>	<b>3,204.57</b>
<b>Total assets</b>		<b>6,957.96</b>	<b>6,608.53</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	107.73	107.47
Other equity		3,949.09	3,280.74
<b>Total equity</b>		<b>4,056.82</b>	<b>3,388.21</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	13A	565.49	549.67
Lease liabilities	39A	28.06	29.50
Provisions	15A	78.54	69.79
Deferred tax liability (net)	6	76.74	70.23
Other non-current liabilities	14A	45.99	67.03
<b>Total non-current liabilities</b>		<b>794.82</b>	<b>786.22</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	13B	1,115.89	1,069.99
Trade payables			
-total outstanding dues of micro enterprises and small enterprises	13C	28.15	75.63
-total outstanding dues of creditors other than micro enterprises and small enterprises	13C	638.21	773.60
Lease liabilities	39A	4.82	3.94
Other financial liabilities	13D	144.04	287.77
Other current liabilities	14B	111.74	179.33
Provisions	15B	19.42	15.78
Income tax liabilities (net)	16B	44.05	28.06
<b>Total current liabilities</b>		<b>2,106.32</b>	<b>2,434.10</b>
<b>Total - equity and liabilities</b>		<b>6,957.96</b>	<b>6,608.53</b>
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI Firm Registration Number :  
117366W/W-100018

**Ganesh Balakrishnan**  
Partner  
Membership No. 201193

Place: Hyderabad  
Date: April 27, 2023

Laurus Labs Limited

For and on behalf of the Board of Directors  
**LAURUS LABS LIMITED**

**Dr. Satyanarayana Chava**  
Executive Director & Chief Executive Officer  
DIN: 00211921

Place: Hyderabad  
Date: April 27, 2023

**V.V. Ravi Kumar**  
Executive Director & Chief Financial Officer  
DIN: 01424180

**G.Venkateswar Reddy**  
Company Secretary

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>I. INCOME</b>			
Revenue from operations	17	5,773.45	4,707.04
Other income	18	4.75	13.48
<b>Total income ( I )</b>		<b>5,778.20</b>	<b>4,720.52</b>
<b>II. EXPENSES</b>			
Cost of materials consumed	19	2,515.94	2,281.37
Purchase of traded goods		155.71	145.81
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	40.82	(218.62)
Employee benefits expenses	21	496.57	445.14
Other expenses	22	1,082.65	768.14
<b>Total expenses ( II )</b>		<b>4,291.69</b>	<b>3,421.84</b>
<b>III. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)</b>		<b>1,486.51</b>	<b>1,298.68</b>
Depreciation and amortisation	3,4 & 39A	300.58	235.48
Finance income	23A	(11.20)	(8.07)
Finance costs	23B	145.70	95.86
<b>IV. Profit before tax</b>		<b>1,051.43</b>	<b>975.41</b>
<b>V. Tax expense</b>	27		
Current tax		270.78	231.42
Deferred tax		20.27	(6.10)
<b>Income tax expense</b>		<b>291.05</b>	<b>225.32</b>
<b>VI. Profit for the year (IV-V)</b>		<b>760.38</b>	<b>750.09</b>
<b>Other comprehensive income (OCI)</b>	24		
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement gains/(losses) on defined benefit plans		1.06	1.23
Tax on remeasurement of defined benefit plans		(0.27)	(0.43)
<b>Total other comprehensive income for the year, net of tax</b>		<b>0.79</b>	<b>0.80</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>761.17</b>	<b>750.89</b>
<b>Earnings per equity share ₹ 2/- each fully paid (March 31, 2022: ₹ 2/- each fully paid)</b>	25		
Computed on the basis of total profit for the year			
<b>Basic (₹)</b>		14.14	13.97
<b>Diluted (₹)</b>		14.09	13.91
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI Firm Registration Number :  
117366W/W-100018

**Ganesh Balakrishnan**  
Partner  
Membership No. 2011193

Place: Hyderabad  
Date: April 27, 2023

For and on behalf of the Board of Directors  
**LAURUS LABS LIMITED**

**Dr. Satyanarayana Chava**  
Executive Director & Chief Executive Officer  
DIN: 00211921

Place: Hyderabad  
Date: April 27, 2023

**V.V. Ravi Kumar**  
Executive Director & Chief Financial Officer  
DIN: 01424180

**G.Venkateswar Reddy**  
Company Secretary



# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## a. Equity share capital

Equity shares of ₹ 2/- each, fully paid up	No.	₹
<b>As at March 31, 2021</b>	<b>536,602,385</b>	<b>107.32</b>
Issued during the year - ESOP	756,950	0.15
<b>As at March 31, 2022</b>	<b>537,359,335</b>	<b>107.47</b>
Issued during the year - ESOP	1,291,590	0.26
<b>As at March 31, 2023</b>	<b>538,650,925</b>	<b>107.73</b>

## b. Other equity

Particulars	Reserves and surplus				Other comprehensive income	Total
	Capital reserve	Securities Premium	Share based payments reserve	Retained Earnings	Re-measurement gains or losses on employee defined benefit plans	
<b>As at March 31, 2021</b>	<b>1.79</b>	<b>694.77</b>	<b>4.90</b>	<b>1,912.95</b>	<b>(9.49)</b>	<b>2,604.92</b>
Profit for the year	-	-	-	750.09	-	750.09
Expense arising from equity-settled share-based payment transactions	-	-	6.64	-	-	6.64
Transferred from stock options outstanding	-	6.55	(2.40)	-	-	4.15
Dividend on equity shares	-	-	-	(85.86)	-	(85.86)
Remeasurement on net defined benefit liability, net of tax	-	-	-	-	0.80	0.80
<b>As at March 31, 2022</b>	<b>1.79</b>	<b>701.32</b>	<b>9.14</b>	<b>2,577.18</b>	<b>(8.69)</b>	<b>3,280.74</b>
Profit for the year	-	-	-	760.38	-	760.38
Expense arising from equity-settled share-based payment transactions	-	-	7.48	-	-	7.48
Transferred from stock options outstanding	-	11.74	(4.57)	-	-	7.17
Dividend on equity shares	-	-	-	(107.47)	-	(107.47)
Remeasurement on net defined benefit liability, net of tax	-	-	-	-	0.79	0.79
<b>As at March 31, 2023</b>	<b>1.79</b>	<b>713.06</b>	<b>12.05</b>	<b>3,230.09</b>	<b>(7.90)</b>	<b>3,949.09</b>

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

As per our report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI Firm Registration Number :  
117366W/W-100018

**Ganesh Balakrishnan**  
Partner  
Membership No. 201193

Place: Hyderabad  
Date: April 27, 2023

For and on behalf of the Board of Directors  
**LAURUS LABS LIMITED**

**Dr. Satyanarayana Chava**  
Executive Director & Chief Executive Officer  
DIN: 00211921

Place: Hyderabad  
Date: April 27, 2023

**V.V. Ravi Kumar**  
Executive Director & Chief Financial Officer  
DIN: 01424180

**G.Venkateswar Reddy**  
Company Secretary

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Profit before tax</b>	<b>1,051.43</b>	<b>975.41</b>
<b>Cash Flows from operating activities</b>		
Adjustments for :		
Depreciation and amortisation	300.58	235.48
Loss on sale of fixed assets (net)	0.19	1.12
Finance income	(11.20)	(8.07)
Interest expense	126.84	80.30
Share based payment expense	7.48	6.64
Net loss on foreign exchange fluctuations (unrealised)	18.58	7.34
Provisions no longer required written back	(1.04)	(0.45)
Allowance for bad and doubtful advance and debts	1.08	-
<b>Operating profit before working capital changes</b>	<b>1,493.94</b>	<b>1,297.77</b>
<b>Movement in working capital:</b>		
(Increase)/Decrease in inventories	119.43	(155.18)
(Increase)/Decrease in trade receivables	(219.23)	7.59
Decrease in financial and non-financial assets	12.55	17.64
Decrease in trade payables	(180.98)	(305.72)
Increase/ (Decrease) in financial, non-financial liabilities and provisions	(76.03)	127.21
<b>Cash generated from operations</b>	<b>1,149.68</b>	<b>989.31</b>
Income tax paid	(268.13)	(166.34)
<b>Net cash flows from operating activities (A)</b>	<b>881.55</b>	<b>822.97</b>
<b>Cash flows used in investing activities</b>		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(741.84)	(761.45)
Proceeds from sale of property, plant and equipment	1.23	0.06
Movement in other bank balances	(0.05)	(0.23)
Investment in associates	(22.30)	(27.60)
Investment in subsidiaries	(0.10)	(15.23)
Loan given to subsidiaries	(48.20)	(44.00)
Loan repaid by subsidiaries	65.92	-
Interest received	10.07	11.84
<b>Net cash flows used in investing activities (B)</b>	<b>(735.27)</b>	<b>(836.61)</b>
<b>Net cash flows from financing activities</b>		
Proceeds from exercise of employee stock options	7.44	4.31
Repayment of long - term borrowings	(226.18)	(155.21)
Proceeds from long - term borrowings	200.00	389.04
Proceeds from Short - term borrowings (net)	69.60	(12.18)
Payment of lease liabilities	(5.79)	(45.20)
Dividend paid	(107.47)	(85.86)
Interest paid	(122.79)	(79.71)
<b>Net cash flows from/(used in) financing activities (C)</b>	<b>(185.19)</b>	<b>15.19</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(38.91)	1.55
Cash and cash equivalents at the beginning of the year	40.33	38.78
<b>Cash and cash equivalents at the year end</b>	<b>1.42</b>	<b>40.33</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	0.07	0.08
Balances with banks		
On current accounts	1.35	40.25
<b>Total cash and cash equivalents</b>	<b>1.42</b>	<b>40.33</b>

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI Firm Registration Number :  
117366W/W-100018

For and on behalf of the Board of Directors  
**LAURUS LABS LIMITED**

**Ganesh Balakrishnan**  
Partner  
Membership No. 201193

**Dr. Satyanarayana Chava**  
Executive Director & Chief Executive Officer  
DIN: 00211921

**V.V. Ravi Kumar**  
Executive Director & Chief Financial Officer  
DIN: 01424180

**G.Venkateswar Reddy**  
Company Secretary

Place: Hyderabad  
Date: April 27, 2023

Place: Hyderabad  
Date: April 27, 2023

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 1. Corporate information

Laurus Labs Limited (the “Company”) offers a broad and integrated portfolio of Active Pharma Ingredients (API) including intermediates, Generic Finished dosage forms (FDF) and Contract Research services to cater to the needs of the global pharmaceutical industry. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the company is located at Laurus Enclave, Plot Office 01, E. Bonangi Village, Parawada Mandal, Anakapalli District, Andhra Pradesh – 531021.

The Company is equipped with an Active Pharma Ingredients (API) manufacturing facilities situated in Jawaharlal Nehru Pharma City at Visakhapatnam, FDF drug manufacturing facility situated in Achutapuram and a Research and Development Centre in IKP Knowledge Park at Hyderabad.

These financial statements are authorised by the Board of Directors for issue in accordance with their resolution dated April 27, 2023.

## 2. Significant accounting policies

### 2.1 Basis of preparation

- (a) The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (‘Ind AS’), under the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below, the provisions of the Companies Act, 2013 (‘the Act’) (to the extent notified) and guidelines issued by Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

### 2.2 Summary of significant accounting policies

#### (a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

#### (b) Foreign currencies

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

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

#### (c) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Company's chief financial officer and the financial controller of the Company determines the appropriate valuation techniques and inputs for fair

value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

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

## (d) Revenue recognition

Revenue from contracts with customers is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. When a performance obligation is satisfied, the revenue is measured at the transaction price which is consideration received or receivable, net of returns and allowances, trade discounts and volume rebates after taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company derives revenues primarily from manufacture and sale of Active Pharma Ingredients (API) including intermediates, Generic Finished dosage forms (FDF) and Contract Research services (together called as "Pharmaceuticals").

The following is summary of significant accounting policies relating to revenue recognition. Further, refer note no. 17 for disaggregate revenues from contracts with customers.

### Sale of products

The Company recognises revenue for supply of goods to customers against orders received. The majority of contracts that company enters into relate to sales orders containing single performance obligations for the delivery of pharmaceutical products as per Ind AS 115. Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Amount representing the profit share component is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

The Company also recognises revenue where goods are ready as per customer request and pending dispatch at the instance of the customer. In such cases, the products are separately identified as belonging to the customer and the Company does not hold the right to redirect the product to another customer. On satisfaction of all performance obligations, invoice is raised on the customer in accordance with customer request at regular payment terms.

### Sale of services

Revenue from services rendered, which primarily relate to contract research, is recognised in the statement of profit and loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

### Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### Interest income

For all debt financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. Interest income is included in finance income in the Statement of Profit and Loss.

### Dividends

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

### (e) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as

income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

### (f) Taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income ("OCI") or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax



# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### (g) Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment and capital work in progress were carried in the balance sheet at cost of acquisition. The Company has elected to regard those values of property, plant and equipment as deemed cost at the date of the acquisition since there is no change in the functional currency as at 1 April 2015 (date of transition to Ind AS) on the date of transition to Ind AS. The Company has also determined that cost of acquisition or construction at deemed cost as at 1 April 2015.

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant

parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life. Freehold land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Factory buildings	: 30 years
Other buildings	: 60 years
Plant and equipment	: 5 to 20 years
Furniture and fixtures	: 10 years
Vehicles	: 4 to 5 years
Computers	: 3 to 6 years

The Company, based on technical assessment and management estimate, depreciates certain items of plant and equipment and vehicles over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

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

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### (h) Intangible assets

#### Computer Software

Costs relating to software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of five years.

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

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 01, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

### (i) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount

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

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## (j) Borrowing costs

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

## (k) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on weighted average basis.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Stores, spares and packing materials are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## (l) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods/years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## (m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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

## (n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund by a third party.

The cost of providing benefits under the defined benefit plan is determined based on projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to

retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to Statement of Profit or Loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The Company treats accumulated leaves which are to be settled after 12 months as a long-term employee benefit and accumulated leaves which are to be settled in the next 12 months as a short-term employee benefit for measurement purposes. Such accumulated leaves are provided for based on an actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

## (o) Share-based payments

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

### Equity-settled transactions

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

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

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

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

### (p) Financial instruments

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

#### Financial assets

##### *Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### *Subsequent measurement*

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

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or

premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 9.

##### *Derecognition*

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

- a) the rights to receive cash flows from the asset have expired, or
- b) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - i. the Company has transferred substantially all the risks and rewards of the asset, or
  - ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:



# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits and bank balances.
- b) Trade receivables that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition.

If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on

portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates the following provision matrix at the reporting date:

Particulars	% of provision on outstanding receivables
> 1 year and < 2 years	25%
> 2 years and < 3 years	50%
> 3 years	100%

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss ("FVTPL"), loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit or Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit or Loss. The Company has

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

not designated any financial liability as at fair value through profit and loss.

### *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

### **Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **(q) Investments in subsidiaries**

In respect of equity investments, the entity prepares separate financial statements and account for its investments in subsidiaries at cost, net of impairment if any.

### **(r) Derivative instruments and hedge accounting**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Changes in the fair value of derivative contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognized in the statement of profit and loss. The changes in fair value of such derivative contracts, as well as the foreign exchange gains and losses relating to the monetary items, are recognized in the Statement of Profit and Loss.

### **(s) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### **(t) Research and Development**

Revenue expenditure on research and development is charged to revenue in the period in which it is incurred. Capital expenditure on research and development

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# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

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(All amounts in Crore Rupees except for share data or as otherwise stated)

is added to property, plant and equipment and depreciated in accordance with the policies of the Company.

**(u) Measurement of EBITDA**

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

Accordingly, the Company has elected to present EBITDA as a separate line item on the face of the Statement of Profit and Loss and does not include depreciation and amortization expense, finance income, finance costs, share of profit/ loss from associate and tax expense in the measurement of EBITDA.

**(v) New standards and interpretations not yet adopted**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company has evaluated and the amendment and there is no impact on its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### 3. Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Computers	Vehicles	Total Property, plant and equipment
<b>Gross carrying value</b>							
As at March 31, 2021	123.97	736.16	1,642.62	45.88	19.89	17.92	2,586.44
Additions	46.89	93.62	383.65	3.31	7.78	8.86	544.11
Disposals	-	-	(0.48)	-	-	(4.98)	(5.46)
As at March 31, 2022	170.86	829.78	2,025.79	49.19	27.67	21.80	3,125.09
Additions	0.35	286.51	644.64	34.09	12.78	11.97	990.34
Disposals	-	-	(25.47)	(0.26)	(0.01)	(3.60)	(29.34)
As at March 31, 2023	171.21	1,116.29	2,644.96	83.02	40.44	30.17	4,086.09
<b>Depreciation</b>							
As at March 31, 2021	-	131.09	644.47	21.60	13.59	7.47	818.22
Charge for the year	-	33.60	182.83	4.00	3.35	4.88	228.66
Disposals	-	-	(0.42)	-	-	(3.86)	(4.28)
As at March 31, 2022	-	164.69	826.88	25.60	16.94	8.49	1,042.60
Charge for the year	-	41.30	231.85	5.22	4.97	7.09	290.43
Disposals	-	-	(25.01)	(0.04)	-	(2.87)	(27.92)
As at March 31, 2023	-	205.99	1,033.72	30.78	21.91	12.71	1,305.11
<b>Net carrying value</b>							
As at March 31, 2021	123.97	605.07	998.15	24.28	6.30	10.45	1,768.22
As at March 31, 2022	170.86	665.09	1,198.91	23.59	10.73	13.31	2,082.49
As at March 31, 2023	171.21	910.30	1,611.24	52.24	18.53	17.46	2,780.98

#### Notes:

#### (i) Pledge on Property, plant and equipment:

Property, plant and equipment (other than vehicles) with a carrying amount of ₹ 2,763.52 (March 31, 2022: ₹ 2,069.18) are subject to a pari passu first charge on the Company's term loans. Further, the property, plant and equipment (other than vehicles) are subject to a pari passu second charge on the Company's current borrowings. Also, refer note 13A and 13B.

#### (ii) The title deeds of all immovable properties are held in the name of the company. The company has not revalued its property, plant and equipment.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## (iii) Capital work-in-progress (CWIP) ageing schedule:

For the year ended March 31, 2023

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	345.20	11.86	-	-	357.06
Projects temporarily suspended	-	-	-	-	-

For the year ended March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	672.69	80.76	1.58	-	755.03
Projects temporarily suspended	-	-	-	-	-

## (iv) For CWIP, whose completion is overdue or has exceeded its cost compared to its original plan the project wise details of when the project is expected to be completed it given below:

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
MB 9 - Unit IV	118.49	-	-	-	118.49
MB 6 - Unit VI	131.03	-	-	-	131.03
<b>Balance as on March 31, 2023</b>	<b>249.52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249.52</b>
<b>Balance as on March 31, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 4. Intangible assets

Particulars	Computer software purchased	Total intangible assets
<b>Gross carrying value</b>		
<b>As at March 31, 2021</b>	<b>27.23</b>	<b>27.23</b>
Additions	5.75	5.75
Disposals	-	-
<b>As at March 31, 2022</b>	<b>32.98</b>	<b>32.98</b>
Additions	7.03	7.03
Disposals	-	-
<b>As at March 31, 2023</b>	<b>40.01</b>	<b>40.01</b>
<b>Amortisation</b>		
<b>As at March 31, 2021</b>	<b>18.35</b>	<b>18.35</b>
Charge for the year	4.08	4.08
Disposals	-	-
<b>As at March 31, 2022</b>	<b>22.43</b>	<b>22.43</b>
Charge for the year	4.94	4.94
Disposals	-	-
<b>As at March 31, 2023</b>	<b>27.37</b>	<b>27.37</b>
<b>Net carrying value</b>		
<b>As at March 31, 2021</b>	<b>8.88</b>	<b>8.88</b>
<b>As at March 31, 2022</b>	<b>10.55</b>	<b>10.55</b>
<b>As at March 31, 2023</b>	<b>12.64</b>	<b>12.64</b>



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 5. Financial assets

	March 31, 2023	March 31, 2022
<b>A. Investments</b>		
Equity instruments of subsidiaries and associates	343.91	339.91
Compulsorily convertible preference shares of associates	36.80	18.40
Others	3.41	3.41
<b>Total</b>	<b>384.12</b>	<b>361.72</b>
<b>(Unquoted ,except otherwise stated)</b>		
<b>(a)Investment in equity instruments - carried at cost</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>I. Investments in subsidiaries</b>		
- 9,700 Equity Shares of Laurus Generics Inc (March 31, 2022: 9,700) of US\$ 100 each fully paid-up	34.16	34.16
- 14,203,363 (March 31, 2022:14,203,363) Equity Shares of ₹ 10 each fully paid-up of Sriam Labs Private Limited	28.19	28.19
- 8,500 (March 31, 2022: 8,500) Equity Shares of GBP 100 each fully paid-up in Laurus Holding Limited	7.79	7.79
- 100,000 (March 31, 2022:100,000) Equity Shares of ₹ 10 each fully paid-up of Laurus Synthesis Private Limited	0.10	0.10
- 2,000 (March 31, 2022: 2,000) Equity Shares of ZAR 1.00 each fully paid-up in Laurus Generics SA (Pty) Limited	0.03	0.03
- 1,98,278 (March 31, 2022: 198,278 ) Equity Shares of ₹ 10 each fully paid-up in Laurus Bio Private Limited (Note i)	260.44	260.44
- 100,000 (March 31, 2022:Nil) Equity Shares of ₹ 10 each fully paid-up of Laurus Specialty Chemicals Private Limited (Note iv)	0.10	-
<b>Sub-Total (I)</b>	<b>330.81</b>	<b>330.71</b>
<b>II. Investments in associates (b)</b>		
- 996 (March 31, 2022: 996) Equity shares of ₹ 10 each fully paid-up of Immunoadoptive Cell Therapy Private Limited (Note ii)	9.20	9.20
- 740,000 (March 31, 2022: Nil) Equity shares of ₹ 10 each fully paid-up of Ethan Energy India Private Limited (Note iii)	3.90	-
<b>Sub-Total (II)</b>	<b>13.10</b>	<b>9.20</b>
<b>Total (a) (I+II)</b>	<b>343.91</b>	<b>339.91</b>
<b>(b)Investment in Compulsorily convertible preference shares - carried at cost</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Investments in associates</b>		
- 3,983 compulsorily Convertible preference shares of ₹ 10 each fully paid of Immunoadoptive Cell Therapy Private Limited (March 31, 2022: 3,983 of ₹ 10 each of which ₹ 5 paid up) (Note ii)	36.80	18.40
<b>Total (b)</b>	<b>36.80</b>	<b>18.40</b>
<b>Total (a+b)</b>	<b>380.71</b>	<b>358.31</b>

### Notes:

- During the year ended March 31, 2021, the Company acquired 79.21 % stake in Laurus Bio Private Limited (Formerly known as Richcore Lifesciences Private Limited). As on March 31, 2023, the Company holds 76.60%.
- During the year ended March 31, 2022, the Company entered into an investment agreement with Immunoadoptive Cell Therapy Private Limited, ("ImmunoACT") to acquire 26.62% stake, subject to completion of conditions precedent, for agreed

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

- consideration of ₹ 46 Crores. As on March 31, 2022, the Company invested ₹ 27.60 Crores representing 996 equity shares of ₹ 10/- each fully paid-up and 3,983 compulsorily convertible preference shares of ₹ 10/- each of which ₹ 5/- paid up, with a stake of 18.94%. During the year ended March 31, 2023, the Company invested ₹ 18.40 Crores representing remaining part payment ₹ 5/- towards 3,983 compulsorily convertible preference shares. As on March 31, 2023, the Company holds 27.57%
- iii) During the year ended March 31, 2023, the Company entered into an investment agreement with Ethan Energy India Private Limited ("Ethan Energy") to acquire 26% stake, for agreed consideration of ₹ 3.90 Crores.
- iv) The Company incorporated wholly owned subsidiary, Laurus Specialty Chemicals Private Limited (LSCPL) in India on December 01, 2022.
- v) The Company has complied with number of layers prescribed under clause 87 of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

Unquoted investments (valued at fair value through profit and loss)	March 31, 2023	March 31, 2022
- 3,405,000 (March 31, 2022: 3,405,000) Equity Shares of ₹ 10 each of Atchutapuram Effluent Treatment Ltd	3.41	3.41
<b>Total</b>	<b>3.41</b>	<b>3.41</b>

### B. Loans

Particulars	March 31, 2023	March 31, 2022
<b>Non-current (unsecured, considered good unless stated otherwise)</b>		
Other loans		
- Loans to related parties* (Refer note no. 33)	64.50	-
<b>Total</b>	<b>64.50</b>	<b>-</b>
<b>Current (unsecured, considered good unless otherwise stated)</b>		
Other loans		
- Loans to employees	0.59	0.53
- Loans to related parties* (Refer note no. 33)	6.00	88.22
<b>Total</b>	<b>6.59</b>	<b>88.75</b>

\* Percentage to the total loans 99.2% (March 31, 2022: 99.4%)

### C. Other financial assets

Particulars	March 31, 2023	March 31, 2022
<b>Non-current (unsecured, considered good unless stated otherwise)</b>		
Security deposits	30.27	25.71
Export and other incentives receivable (net) *	16.51	20.51
<b>Total</b>	<b>46.78</b>	<b>46.22</b>
<b>Current (unsecured, considered good unless stated otherwise)</b>		
Export and other incentives receivable (net) *	14.73	-
Insurance claim receivable	0.60	-
Derivative foreign currency forward contracts	0.98	1.81
<b>Total</b>	<b>16.31</b>	<b>1.81</b>

\* Export and other incentives have been recognized on the following:

- Incentive in the form of duty credit scrip upon sale of exports under Merchandise Exports from India Scheme under Foreign Trade Policy of India 2015-20.
- Existing Foreign Trade Policy 2015-20, has been extended till September 30, 2022 vide notification no.64/2015-2020 dated 31.03.2022 & Public Notice No.53/2015-2020 dated 31.03.2022
- Sales tax incentive and reimbursement of power cost under the Andhra Pradesh state incentives IIPP 2015-20 scheme. Incentives are eligible for five years from the date of commencement of production. There are no unfulfilled conditions or contingencies attached to these incentives.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 6. Deferred tax assets/(liability) (Net)

Particulars		March 31, 2023	March 31, 2022
<b>Deferred tax liability</b>			
Income tax at the applicable rate on the difference between the aggregate book written down value and tax written down value of property, plant and equipment		(121.80)	(151.86)
	<b>(A)</b>	<b>(121.80)</b>	<b>(151.86)</b>
<b>Deferred tax asset</b>			
MAT credit entitlement		-	33.21
Expenses allowable on payment basis		24.64	30.00
Other items giving rise to temporary differences		20.42	18.42
	<b>(B)</b>	<b>45.06</b>	<b>81.63</b>
<b>Deferred tax assets/(liability) (Net)</b>	<b>(A+B)</b>	<b>(76.74)</b>	<b>(70.23)</b>

### For the year ended March 31, 2023:

Particulars	Opening balance	Recognised/ Utilised during the year	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(151.86)	30.07	-	(121.80)
Expenses allowable on payment basis	30.00	(5.35)	-	24.65
Other items giving rise to temporary differences	18.43	2.25	(0.27)	20.41
<b>Total (a)</b>	<b>(103.44)</b>	<b>26.97</b>	<b>(0.27)</b>	<b>(76.74)</b>
MAT credit entitlement written off (b) {refer note 27(d)}	33.21	(33.21)	-	-
<b>Total (a+b)</b>	<b>(70.23)</b>	<b>(6.24)</b>	<b>(0.27)</b>	<b>(76.74)</b>

### For the year ended March 31, 2022:

Particulars	Opening balance	Recognised/ Utilised during the year	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(124.80)	(27.06)	-	(151.86)
Deferred revenue on embedded leases	(17.18)	17.18	-	-
Expenses allowable on payment basis	14.71	15.29	-	30.00
Other items giving rise to temporary differences	18.16	0.70	(0.43)	18.43
<b>Total (a)</b>	<b>(109.11)</b>	<b>6.10</b>	<b>(0.43)</b>	<b>(103.44)</b>
MAT credit entitlement/(utilisation) (b)	82.25	(49.04)	-	33.21
<b>Total (a+b)</b>	<b>(26.87)</b>	<b>(42.93)</b>	<b>(0.43)</b>	<b>(70.23)</b>

The Company has accounted for deferred tax liabilities (net) of ₹ 76.74 (March 31, 2022: ₹ 70.23) based on approval of business plan by board, agreements entered with customers, orders on hand, successful patent filings and a portfolio of drugs.

There are no unrecognised deferred tax assets and liabilities as at March 31, 2023 and March 31, 2022.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 7. Other assets

Particulars	March 31, 2023	March 31, 2022
<b>A) Non-current (unsecured, considered good unless otherwise stated)</b>		
Capital advances	34.72	40.05
Advances recoverable in cash or kind	0.04	-
Prepayments	12.01	10.65
Balances with statutory/Government authorities	2.00	2.00
Taxes paid under protest	1.35	1.35
	50.12	54.05
Less: Allowance for doubtful advances	(0.04)	-
<b>Total</b>	<b>50.08</b>	<b>54.05</b>
<b>B) Current (unsecured, considered good unless otherwise stated)</b>		
Advances recoverable in cash or kind	21.58	20.61
Advances to related parties (Refer note no. 33)	-	1.10
Prepayments	18.14	15.73
Balances with statutory/Government authorities	48.16	77.12
Others	2.09	1.04
<b>Total</b>	<b>89.97</b>	<b>115.60</b>

## 8. Inventories

Particulars	March 31, 2023	March 31, 2022
<b>(At lower of cost and net realisable value)</b>		
Raw materials [including port stock and stock-in-transit ₹ 83.87 (March 31, 2022 : ₹ 113.57)]	465.30	547.35
Work-in-progress	543.50	594.65
Finished goods	501.95	491.62
Stores, spares and packing materials	58.52	55.08
<b>Total</b>	<b>1,569.27</b>	<b>1,688.70</b>

## 9. Trade receivables

Particulars	March 31, 2023	March 31, 2022
<b>Unsecured</b>		
Considered good	1,422.59	1,246.60
Receivable from related parties (Refer note no. 33)	64.83	22.55
Credit impaired	1.32	0.30
	1,488.74	1,269.45
Less: Allowance for doubtful debts	(1.32)	(0.30)
<b>Total</b>	<b>1,487.42</b>	<b>1,269.15</b>

- No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade receivables are non-interest bearing and are generally on terms of 30 - 120 days.
- Of the trade receivables balance, ₹ 487.71 in aggregate (as at March 31, 2022 ₹ 481.99) is due from the Company's customers individually representing more than 5 % of the total trade receivables balance.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

- d) The Company has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking estimates. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates used in the provision matrix.

Movement in the expected credit loss allowance	March 31, 2023	March 31, 2022
Balance at the beginning of the year	0.30	0.35
Movement in expected credit loss allowance on trade receivables	1.02	(0.05)
<b>Balance at the end of the year</b>	<b>1.32</b>	<b>0.30</b>

### Trade Receivables ageing schedule for the year ended March 31, 2023

Particulars	Not Due	Outstanding from due date of payment					Total
		Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
i) Undisputed Trade receivables - considered good	1,077.17	330.75	77.38	2.12	-	-	1,487.42
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
iii) Undisputed Trade receivables - credit impaired	-	-	-	1.32	-	-	1.32
iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>1,077.17</b>	<b>330.75</b>	<b>77.38</b>	<b>3.44</b>	<b>-</b>	<b>-</b>	<b>1,488.74</b>

### Trade Receivables ageing schedule for the year ended March 31, 2022

Particulars	Not Due	Outstanding from due date of payment					Total
		Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
i) Undisputed Trade receivables - considered good	956.36	306.03	6.05	0.71	-	-	1,269.15
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
iii) Undisputed Trade receivables - credit impaired	-	-	-	0.30	-	-	0.30
iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>956.36</b>	<b>306.03</b>	<b>6.05</b>	<b>1.01</b>	<b>-</b>	<b>-</b>	<b>1,269.45</b>



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 10. Cash and cash equivalents and other bank balances

Particulars	March 31, 2023	March 31, 2022
<b>A) Cash and cash equivalents</b>		
Balances with banks		
- On current accounts	1.35	40.25
Cash on hand	0.07	0.08
<b>Total</b>	<b>1.42</b>	<b>40.33</b>
<b>B) Other balances with banks</b>		
On deposit accounts		
- Unclaimed dividend accounts	0.28	0.23
<b>Total</b>	<b>0.28</b>	<b>0.23</b>

## 11. Equity share capital

Particulars	March 31, 2023	March 31, 2022
<b>Authorised</b>		
555,000,000 (March 31, 2022: 555,000,000) Equity shares of ₹ 2/- each	111.00	111.00
<b>Total</b>	<b>111.00</b>	<b>111.00</b>
<b>Issued, Subscribed and Paid Up</b>		
538,650,925 (March 31, 2022: 537,359,335) Equity shares of ₹ 2/- each	107.73	107.47
<b>Total</b>	<b>107.73</b>	<b>107.47</b>

### 11.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	For the year ended March 31, 2023		For the year ended March 31, 2022	
	No.	₹	No.	₹
<b>Equity Shares of ₹ 2/- each, fully paid up</b>				
Balance as per last financial statements (₹ 2/- each)	537,359,335	107.47	536,602,385	107.32
Issued during the year - ESOP (₹ 2/-each)	1,291,590	0.26	756,950	0.15
<b>Outstanding at the end of the year</b>	<b>538,650,925</b>	<b>107.73</b>	<b>537,359,335</b>	<b>107.47</b>

### 11.2. Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company. For liquidation terms refer note 11.2a.

The Company declares and pays dividends in Indian rupees. The final dividend, if any, proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2023, the amount of dividend (first interim dividend ₹ 0.80 and second interim dividend ₹ 1.20) per share declared as distribution to equity shareholders was ₹ 2.00 (March 31, 2022: first interim dividend ₹ 0.80 and second interim dividend ₹ 1.20 per share declared as distribution to equity shareholders was ₹ 2.00).

#### 11.2a. Liquidation terms and preferential rights

The liquidation terms of the equity shares are as follows:

- If the company shall be wound up, the Liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act divide amongst the shareholders, in specie or kind the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### 11.3 Details of shareholders holding more than 5% shares of the Company:

Particulars	March 31, 2023		March 31, 2022	
	% Holding	No.	% Holding	No.
Equity shares of ₹ 2/- each held by				
M/s. NSN Holdings represented by Dr. Satyanarayana Chava	23.04%	124,126,740	23.10%	124,126,740
New World Fund Inc	5.29%	28,511,600	4.75%	25,526,500

### 11.4 Details of shares held by the promoters of the Company:

#### Equity Shares held by promoters as at March 31, 2023 and March 31, 2022

Promoter Name	March 31, 2023			March 31, 2022		
	No of shares	% of total shares	% Change during the year	No of shares	% of total shares	% Change during the year
M/s. NSN Holdings (represented by Dr. Satyanarayana)* Chava	124,126,740	23.04%	-	124,126,740	23.10%	100.00%
Dr. C.V. Lakshmana Rao	13,450,145	2.50%	-	13,450,145	2.50%	-2.89%
M/s. Leven Holdings (represented by Mr. V.V. Ravi Kumar)^	6,705,000	1.24%	100.00%	-	-	-
Mr. V. V. Ravi Kumar^	1,000,000	0.19%	-87.0%	7,705,000	1.43%	-4.94%
Mr. Narasimha Rao Chava	119,675	0.02%	-	119,675	0.02%	-
Mr. Chandrakanth Chereddi	42,000	0.01%	-	42,000	0.01%	-
Mrs. V. Krishnaveni	201,397	0.04%	-	201,397	0.04%	-
Mr. C. Sekhar Babu	100,000	0.02%	-	100,000	0.02%	-
Mrs. V. Hymavathi	225,000	0.04%	-	225,000	0.04%	-
Mrs. Soumya Chava	10,440	0.00%	-	10,440	0.00%	-
Mr. Krishna Chaitanya Chava	20,699	0.00%	-	20,699	0.00%	-
Mrs. T. Nagamani	100,000	0.02%	-	100,000	0.02%	-
Mrs. K. Kamala	100,000	0.02%	-	100,000	0.02%	-
Mr. S. Narasimha Rao	147,500	0.03%	-	147,500	0.03%	-
Mrs. S. Rama	170,000	0.03%	-	170,000	0.03%	-

\* Dr. Satyanarayana Chava and Mrs. Nagarani Chava, Promoters of the Company have consolidated their entire shareholding by way of inter-se transfer to partnership firm M/s. NSN Holdings on November 15, 2021.

^ Mr. V.V. Ravi Kumar, Promoter of the Company had transferred 67,05,000 shares to partnership firm M/s. Leven Holdings on November 02, 2022.

### 11.5. Details of shares reserved for issue under options

For details of shares reserved for issue under Employee Stock Options Scheme plan of the Company, refer note no. 29

### 11.6. Other equity

Particulars	March 31, 2023	March 31, 2022
Capital reserve	1.79	1.79
Securities premium	713.06	701.32
Share based payment reserve	12.05	9.14
Retained earnings	3,230.09	2,577.18
Other comprehensive income	(7.90)	(8.69)
<b>Total</b>	<b>3,949.09</b>	<b>3,280.74</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## Nature and purpose of reserves

### Securities premium:

Securities premium is used to record the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

### Capital reserve:

Represents capital reserve balances of acquired entities which are transferred to the Company upon merger.

### Securities premium:

Securities premium is used to record the premium on issue of shares and can be utilised in accordance with the provisions

of the Companies Act, 2013.

### Share based payments reserve:

The fair value of the equity-settled share based payment transactions with employees is recognised in statement of profit and loss with corresponding credit to Share based payments reserve. This will be utilised for allotment of equity shares against outstanding employee stock options.

### Retained earnings:

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to share holders.

## 12. Dividends paid and proposed

	2022-23		2021-22	
	Dividend per equity share	Amount	Dividend per equity share	Amount
<b>Cash dividends on equity shares declared and paid:</b>				
First interim dividend for the financial year 2022-23 (face value of ₹ 2/- each)	0.80	42.99	-	-
Third interim dividend for the financial year 2020-21 (face value of ₹ 2/- each)	-	-	0.80	42.93
First interim dividend for the financial year 2021-22 (face value of ₹ 2/- each)	-	-	0.80	42.93
Second interim dividend for the financial year 2021-22 (face value of ₹ 2/- each)	1.20	64.48	-	-
<b>Total</b>		<b>107.47</b>		<b>85.86</b>
<b>Proposed dividends on equity shares:</b>				
Second interim dividend for the financial year 2021-22 (face value of ₹ 2/- each)	-	-	1.20	64.48
Second interim dividend for the financial year 2022-23* (face value of ₹ 2/- each)	1.20	64.64	-	-
<b>Total</b>		<b>64.64</b>		<b>64.48</b>

\*The Board of Directors of the Company in their meeting held on April 27, 2023 have approved for payment of second interim dividend and the Company has fixed May 10, 2023 as "Record Date" for determining the eligibility of the Shareholders. Accordingly, the Company has not recognised the said proposed dividend as a liability as at March 31, 2023.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### 13. Financial liabilities

Particulars	March 31, 2023	March 31, 2022
<b>A) Non-current borrowings</b>		
<b>Term loans</b>		
Indian rupee loans from banks (Secured)	341.88	236.04
Foreign currency loans from banks (Secured)	223.61	313.63
<b>Total</b>	<b>565.49</b>	<b>549.67</b>
<b>Current maturities of non-current borrowings</b>		
<b>Term loans</b>		
Indian rupee loans from banks (Secured)	75.41	90.83
Foreign currency loans from banks (Secured)	105.53	113.89
	<b>180.94</b>	<b>204.72</b>
Less: Amount disclosed under the head "current borrowings"	(180.94)	(204.72)
<b>Total</b>	<b>-</b>	<b>-</b>
<b>B) Current borrowings</b>		
<b>Cash credits and working capital demand loans</b>		
Indian rupee loans from banks (Secured)	353.30	236.79
Indian rupee loans from banks (Un Secured)	487.11	319.75
Foreign currency loans from banks (Secured)	-	253.07
Buyers credit from banks (Secured)	34.34	16.70
Buyers credit from banks (Unsecured)	60.20	38.96
Current maturities of non-current borrowings	180.94	204.72
<b>Total</b>	<b>1,115.89</b>	<b>1,069.99</b>

(a) The details of Indian rupee term loans from banks are as under:

Name of the Bank	Outstanding as on March 31, 2023	Outstanding as on March 31, 2022	Sanction Amount	No. of Instalments	Commencement of instalments	Effective interest rate
HDFC Bank (HDFC)	-	6.67	100.00	15 quarterly instalments of ₹ 6.67	November 2018	At MCLR (March 31, 2022: At MCLR)
The Hongkong & Shanghai Banking Corporation (HSBC)	65.63	121.87	150.00	16 quarterly instalments of ₹ 9.375	July 2021	T Bill + 0.29% (March 31, 2022 : T Bill + 0.29%)
CITI Bank (CITI)	11.67	18.33	40.00	24 quarterly instalments of ₹ 1.67	January 2019	T Bill + 0.28% (March 31, 2022 : T Bill + 0.28%)
HDFC Bank (HDFC)	140.00	180.00	200.00	20 quarterly instalments of ₹ 10	December 2021	3M Repo + 1.25% p.a (March 31, 2022 : 3M Repo + 1.25% p.a)
Axis Bank (Axis)	200.00	-	200.00	20 quarterly instalments ranging from ₹ 2.50 to ₹ 11.875	May 2023	Repo +1.50 p.a

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

**(b) Foreign Currency loans from banks comprise of Foreign Currency Non Resident Term Loan (FCNR TL) and ECB loan:**

Name of the Bank & Nature of Loan	Outstanding as on March 31, 2023	Outstanding as on March 31, 2022	Sanction Amount	No. of Instalments	Commencement of instalments	Effective interest rate
State Bank of India (SBI) - FCNR TL	66.86	90.05	US\$ 13.80 Mn	18 quarterly instalments of ₹ 5.55	December 2021	SOFR plus 1.25 % p.a. (March 31, 2022 : SOFR plus 1.50 % p.a.)
State Bank of India (SBI) - FCNR TL #	68.36	89.06	US\$ 13.25 Mn	18 quarterly instalments of ₹ 5.55	December 2021	SOFR plus 1.50 % p.a. (March 31, 2022 : LIBOR plus 1.60 % p.a.)
The Hongkong & Shanghai Banking Corporation (HSBC), Singapore	12.84	59.06	US\$ 25 Mn	16 quarterly instalments of ₹ 12.84	July 2019	LIBOR plus 0.76 % p.a. (March 31, 2022 : LIBOR plus 0.76 % p.a.)
State Bank of India (SBI) - New York	181.08	189.35	US\$ 25 Mn	17 quarterly instalments of ₹ 12.07	November 2022	LIBOR plus 0.97 % p.a. (March 31, 2022 : LIBOR plus 0.97 % p.a.)

# During year ended March 31, 2022, Indian Rupee term loan availed from SBI has been converted to FCNR TL.

- (c) All term loans are secured by pari passu first charge on the property, plant and equipment (both present and future). They are further secured by pari passu second charge on current assets (both present and future).
- (d) Current borrowings are availed in both Rupee and Foreign currencies. Interest on rupee loans ranges from MCLR plus 0% to 0.10% (March 31, 2022: MCLR plus 0% to 0.50%). Buyers credit loan interest ranges from SOFR plus 0.15% to SOFR plus 0.67% (March 31, 2022: LIBOR plus 0.08% to SOFR plus 0.55%). The secured current borrowings are backed by pari passu first charge on current assets and pari passu second charge on the fixed assets (both present and future). [March 31, 2022: The secured current borrowings are backed by pari passu first charge on current assets and pari passu second charge on the fixed assets (both present and future)].
- (e) The Company has used the borrowings for the purposes for which it was taken.
- (f) The quarterly returns of current assets filed by the Company with banks are in agreement with the books of account.

**C) Trade payables**

Particulars	March 31, 2023	March 31, 2022
<b>Valued at amortised cost</b>		
- Total outstanding dues to creditors other than micro enterprises and small enterprises	608.17	747.71
- Outstanding dues to related parties (refer note no. 33)	30.04	25.89
<b>Total</b>	<b>638.21</b>	<b>773.60</b>
- Total outstanding dues to micro enterprises and small enterprises (refer note no. 30)	28.15	75.63
<b>Total</b>	<b>28.15</b>	<b>75.63</b>

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-120 day terms.

For explanations on the Company's credit risk management processes, refer note no. 38.



# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### Trade Payables ageing schedule for the year ended March 31, 2023

Particulars	Unbilled	Not due	Outstanding from due date of payment				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	
i) Total outstanding dues to micro enterprises and small enterprises	-	28.15	-	-	-	-	28.15
ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	119.12	268.80	243.80	2.70	0.05	3.74	638.21
iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>119.12</b>	<b>296.95</b>	<b>243.80</b>	<b>2.70</b>	<b>0.05</b>	<b>3.74</b>	<b>666.36</b>

### Trade Payables ageing schedule for the year ended March 31, 2022

Particulars	Unbilled	Not due	Outstanding from due date of payment				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	
i) Total outstanding dues to micro enterprises and small enterprises	-	75.63	-	-	-	-	75.63
ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	126.10	485.49	156.55	-	-	5.46	773.60
iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>126.10</b>	<b>561.12</b>	<b>156.55</b>	<b>-</b>	<b>-</b>	<b>5.46</b>	<b>849.23</b>

### D) Other financial liabilities

Particulars	March 31, 2023	March 31, 2022
Capital creditors	136.82	284.59
Interest accrued*	7.22	3.18
<b>Total</b>	<b>144.04</b>	<b>287.77</b>

\* Interest accrued but not due is normally settled monthly/quarterly throughout the financial year.

### 14. Other non-current and current liabilities

Particulars	March 31, 2023	March 31, 2022
<b>A) Non-current</b>		
Advances from customers	45.99	67.03
	<b>45.99</b>	<b>67.03</b>
<b>B) Current</b>		
Advances from customers	97.97	165.75
Unclaimed dividend	0.28	0.23
Statutory dues	13.49	13.35
<b>Total</b>	<b>111.74</b>	<b>179.33</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 15. Provisions

Particulars	March 31, 2023	March 31, 2022
<b>A) Non-current provisions</b>		
Provision for gratuity (Refer note no. 28)	49.35	43.24
Provision for compensated absences	29.19	26.55
<b>Total</b>	<b>78.54</b>	<b>69.79</b>
<b>B) Current provisions</b>		
Provision for gratuity (Refer note no. 28)	7.59	5.97
Provision for compensated absences	11.83	9.81
<b>Total</b>	<b>19.42</b>	<b>15.78</b>

## 16. Income tax assets/liabilities

Particulars	March 31, 2023	March 31, 2022
<b>A) Income tax assets</b>		
Tax paid under protest	-	0.71
<b>Total</b>	<b>-</b>	<b>0.71</b>
<b>B) Income tax liabilities</b>		
Provision for taxes [net of advance tax ₹ 737.77 (March 31, 2022: ₹ 465.47)]	44.05	28.06
<b>Total</b>	<b>44.05</b>	<b>28.06</b>

## 17. Revenue from operations

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Sale of products</b>			
Income from sale of API, Intermediates and Formulations		5,469.39	4,370.17
Income from sale of traded goods		158.80	156.11
	(A)	<b>5,628.19</b>	<b>4,526.28</b>
<b>Sale of services</b>			
Contract research services		114.13	132.74
	(B)	<b>114.13</b>	<b>132.74</b>
<b>Other operating revenue</b>			
Sale of scrap		11.44	7.33
Others		19.69	40.69
	(C)	<b>31.13</b>	<b>48.02</b>
<b>Revenue from operations</b>	(A+B+C)	<b>5,773.45</b>	<b>4,707.04</b>
<b>Notes:</b>			
(i) Reconciliation of revenue from sale of products with the contracted price:		For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue as per contracted price, net of returns		5,417.06	4,361.55
<b>Adjusted for:</b>			
Profit sharing adjustments		52.33	8.62
<b>Total revenue from contracts with customers</b>		<b>5,469.39</b>	<b>4,370.17</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

<b>(ii) Disaggregated revenue information:</b>	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
Below is the disaggregation of the Company's revenue from contracts with customers.		
Revenue from operations - Domestic	1,684.00	1,405.66
Revenue from operations - Exports	4,089.45	3,301.38
<b>Total</b>	<b>5,773.45</b>	<b>4,707.04</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point of time	5,659.32	4,574.30
Services transferred over time	114.13	132.74
<b>Total</b>	<b>5,773.45</b>	<b>4,707.04</b>
<b>(iii) Details of contract balances</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Trade receivables (Refer note no. 9)	1,487.42	1,269.15
Advance from customers (Refer note no. 14)	143.96	232.78
<b>(iv) The amount of revenue recognised from advances from customers at the beginning of the year ₹ 165.69 (March 31, 2022 : ₹ 50.39 )</b>		
<b>(v) Revenue from customers contributing more than 10% of total revenue amounts to ₹ 1,432.09 (March 31, 2022 : ₹ 1,327.69)</b>		

## 18. Other income

<b>Particulars</b>	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
Net gain on foreign exchange fluctuations	-	10.60
Bad debts recovered	0.40	1.77
Provision no longer required written back	1.04	0.45
Lease rental income	-	0.65
Corporate support service income	3.31	-
Miscellaneous income	-	0.01
<b>Total</b>	<b>4.75</b>	<b>13.48</b>

## 19. Cost of materials consumed

<b>Particulars</b>		<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
<b>Raw materials consumed</b>			
Opening stock at the beginning of the year		547.35	614.58
Add : Purchases		2,389.27	2,154.32
		<b>2,936.62</b>	<b>2,768.90</b>
Less : Closing stock at the end of the year		465.30	547.35
	(A)	<b>2,471.32</b>	<b>2,221.55</b>
Packing materials consumed	(B)	44.62	59.82
<b>Total</b>	<b>(A+B)</b>	<b>2,515.94</b>	<b>2,281.37</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 20. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Opening stock of inventories</b>		
Finished goods of API, Intermediates and Formulations	491.62	424.24
Work-in-progress of API, Intermediates and Formulations	594.65	443.41
	<b>1,086.27</b>	<b>867.65</b>
<b>Closing stock of inventories</b>		
Finished goods of API, Intermediates and Formulations	501.95	491.62
Work-in-Progress of API, Intermediates and Formulations	543.50	594.65
	<b>1,045.45</b>	<b>1,086.27</b>
<b>(Increase)/Decrease in inventories of finished goods and work-in-progress</b>	<b>40.82</b>	<b>(218.62)</b>
(Increase)/Decrease in finished goods of API, Intermediates and Formulations	(10.33)	(67.38)
(Increase)/Decrease in Work-in-Progress of API, Intermediates and Formulations	51.15	(151.24)
<b>(Increase)/Decrease in inventories of finished goods and work-in-progress</b>	<b>40.82</b>	<b>(218.62)</b>

## 21. Employee benefits expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, allowances and wages	373.96	323.86
Contribution to provident fund and other funds	24.05	21.09
Gratuity expense (Refer note no. 28)	11.56	10.08
Share based payment expense (Refer note no. 29)	7.48	6.64
Managerial remuneration	18.69	27.57
Recruitment and training	1.30	0.57
Staff welfare expenses	59.53	55.33
<b>Total</b>	<b>496.57</b>	<b>445.14</b>

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### 22. Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Consumption of stores and spares	60.42	43.90
Conversion charges	52.78	48.63
Factory maintenance	171.27	135.14
Effluent treatment expenses	66.32	44.94
Power and fuel	301.10	188.52
Repairs and maintenance		
Plant and machinery	66.15	41.64
Buildings	9.11	5.97
Others	2.65	3.16
Product development	29.77	29.39
Testing and analysis charges	0.89	0.82
Rent	1.50	1.33
Rates and taxes	30.84	30.89
Office maintenance	3.29	2.96
Insurance	25.86	22.45
Printing and stationery	3.26	2.24
Consultancy and other professional charges	22.46	25.92
Membership and subscription	8.34	7.37
Remuneration to auditors		
- Audit fee	0.56	0.50
- Tax audit fee	0.06	0.05
- Limited review	0.36	0.33
- Other services	0.09	0.10
- Out of pocket expenses	0.03	0.04
Travelling and conveyance	6.96	2.59
Communication expenses	2.77	2.08
Loss on sale of property, plant and equipment (net)	0.19	1.12
Allowance for bad and doubtful advance and debts	1.08	-
Net loss on foreign exchange fluctuations	24.10	-
Carriage outwards	42.38	35.42
Commission on sales	32.35	50.91
Other selling expenses	3.26	3.18
Business promotion and advertisement	93.52	22.34
CSR expenditure (Refer note no. 26)	17.90	11.50
Donations	0.88	2.58
Miscellaneous expenses	0.15	0.13
<b>Total</b>	<b>1,082.65</b>	<b>768.14</b>



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 23A. Finance Income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income on		
Intercompany loan	8.54	7.38
Electricity deposits and others	2.66	0.69
<b>Total</b>	<b>11.20</b>	<b>8.07</b>

## 23B. Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest		
- on term loans	32.68	23.11
- on working capital loans	65.56	41.02
- on others	6.02	5.74
<b>Total interest expense</b>	<b>104.26</b>	<b>69.87</b>
Bank charges	18.86	15.56
Exchange differences to the extent considered as an adjustment to finance costs	22.58	10.43
<b>Total</b>	<b>145.70</b>	<b>95.86</b>

## 24. Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Remeasurement gains/(losses) on defined benefit plans	1.06	1.23
Deferred tax on remeasurement of defined benefit plans	(0.27)	(0.43)
<b>Total</b>	<b>0.79</b>	<b>0.80</b>

## 25. Earnings per share (EPS)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit available for equity shareholders	760.38	750.09
Weighted average number of equity shares in computing basic EPS	537,730,888	536,813,916
Add: Effect of dilution		
Stock options granted under ESOP	1,869,599	2,355,941
Weighted Average number of Equity Shares in computing diluted earnings per share	539,600,487	539,169,857
Face value of each equity share (₹)	2.00	2.00
Earnings per share		
- Basic (₹)	14.14	13.97
- Diluted (₹)	14.09	13.91

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### 26. Details of CSR expenditure

As per the requirement of the Companies Act, 2013, gross amount required to be spent by the Company during the year is ₹ 17.03 (March 31, 2022 : ₹ 11.34). The nature of CSR activities undertaken by the company includes promoting education, health care and environmental sustainability. The details of CSR expenditure is given below.

CSR Activities	For the year ended March 31, 2023		
	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
	(-)	(-)	(-)
(ii) On purposes other than (i) above	17.90	-	17.90
	(11.50)	(-)	(11.50)

Amounts in bracket indicate previous year numbers. There is no shortfall at the end of March 31, 2023 and March 31, 2022 in terms of amount required to be spent by the company.

The above includes contribution made to Laurus Charitable Trust amounting to ₹ 10.18 (March 31, 2022: ₹ 1.38) (Refer note no. 33)

### 27. Taxes

#### (a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2023 and for the year ended March 31, 2022 are:

##### (i) Statement of Profit and Loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax	270.78	231.42
Deferred tax credit *	20.27	(6.10)
<b>Total income tax expense recognised in Statement of Profit and Loss</b>	<b>291.05</b>	<b>225.32</b>

\* Including Mat credit entitlement/(utilisation/reversals) of ₹ (33.21) crores (March 31, 2022 : ₹ (49.04) crores)

##### (ii) Other comprehensive income (OCI)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Tax on remeasurement of defined benefit plans	(0.27)	(0.43)
Tax on fair value movements on cash flow hedges	-	-
<b>Total tax recognised in OCI</b>	<b>(0.27)</b>	<b>(0.43)</b>

#### (b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax (A)	1,051.43	975.41
Enacted tax rate in India (B)	25.17%	34.94%
Expected tax expenses (C = A*B)	264.62	340.85
<b>Permanent Difference</b>		
Expenses disallowed under Income Tax Act, 1961	28.04	9.36
Income exempt from income taxes under section 10 AA	-	(339.11)
Impact of rate change on deferred tax	(25.43)	-
Deferred Tax Liability Originating and reversing during tax holiday period	39.49	-
MAT Credit reversal	33.21	-
Tax pertaining to earlier years	14.04	-
Others	15.65	(0.87)
<b>Total (D)</b>	<b>105.00</b>	<b>(330.62)</b>
Profit after adjusting permanent difference	1,156.43	644.79
Expected tax expense	291.05	225.32
Total Tax expense	291.05	225.32
Effective Tax rate	27.68%	23.10%

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

- (c) The details of component of deferred tax assets are given under note 6.
- (d) During the year ended March 31, 2023, the Company elected to exercise the option permitted under Section 115BAA of the Income-Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2023 and remeasured its deferred tax assets/liabilities based on the rate prescribed in the said Section.

## 28. Gratuity

### Defined Benefit Plans

The Company has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The scheme is funded through a policy with SBI Life Insurance Company Limited. The following tables summarise net benefit expenses recognised in the Statement of Profit and Loss, the status of funding and the amount recognised in the Balance sheet for the gratuity plan:

Particulars	March 31, 2023	March 31, 2022
<b>A) Net employee benefit expense (recognised in Employee benefits expenses)</b>		
Current service cost	8.05	7.26
Interest cost	3.63	2.90
Expected return on plan assets	(0.12)	(0.08)
<b>Net employee benefit expenses</b>	<b>11.56</b>	<b>10.08</b>
Actual return on plan asset	(0.09)	(0.03)
<b>B) Amount recognised in the Balance Sheet</b>		
Defined benefit obligation	59.24	50.34
Fair value of plan assets	2.30	1.13
	<b>56.94</b>	<b>49.21</b>
<b>C) Changes in the present value of the defined benefit obligation</b>		
<b>Opening defined benefit obligation</b>	50.34	42.53
Current service cost	8.05	7.26
Interest cost	3.63	2.90
Benefits paid	(1.72)	(1.12)
Net actuarial (gains) / losses on obligation for the year recognised under OCI	(1.06)	(1.23)
<b>Closing defined benefit obligation</b>	<b>59.24</b>	<b>50.34</b>
<b>D) Change in the fair value of plan assets</b>		
<b>Opening fair value of plan assets</b>	1.13	0.92
Actual return on plan assets	0.09	0.03
Contributions	2.80	1.30
Benefits paid	(1.72)	(1.12)
<b>Closing fair value of plan assets</b>	<b>2.30</b>	<b>1.13</b>

The Company expects to contribute ₹ 7.59 to the gratuity fund in the next year (March 31, 2022: ₹ 5.97) against the short term liability of ₹ 7.59 (March 31, 2022: ₹ 5.97) as per the actuarial valuation.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2023	March 31, 2022
Investments with SBI Life Insurance Company Limited	100.00%	100.00%
<b>E) Remeasurement adjustments:</b>		
Financial loss/ (gain) on plan assets	1.06	1.23
<b>Remeasurement gains/(losses) recognised in other comprehensive income:</b>	<b>1.06</b>	<b>1.23</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## (i) The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.51%	7.35%
Expected rate of return on assets	7.51%	7.35%
Salary rise	11.00%	11.00%
Attrition rate	15.00%	14.00%

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

## (ii) Disclosure related to indication of effect of the defined benefit plan on the entity's future cashflows:

Expected benefit payments for the year ending:

Year ending	March 31, 2023	March 31, 2022
Year 1	7.62	5.97
Year 2	7.11	5.57
Year 3	7.24	5.54
Year 4	6.90	5.68
Year 5	6.43	5.40
Beyond 5 years	21.64	21.06

The average duration of the defined benefit plan obligation at the end of the reporting period is 25.72 years (March 31, 2022: 26.01 years).

## (iii) Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	March 31, 2023	March 31, 2022
(a) Effect of 1% change in assumed discount rate on defined benefit obligation		
- 1% increase	(3.44)	(3.11)
- 1% decrease	3.69	3.43
(b) Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
- 1% increase	3.31	3.07
- 1% decrease	(3.29)	(2.96)
(c) Effect of 1% change in assumed attrition rate on defined benefit obligation		
- 1% increase	(0.64)	(0.59)
- 1% decrease	0.53	0.58

## (iv) Defined contribution plan

Particulars	March 31, 2023	March 31, 2022
Contribution to Provident Fund	22.14	19.20
Contribution to Superannuation Fund	2.14	2.05

## 29. Share based payments

### ESOP 2016 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme (ESOP) 2016 for issue of stock options to eligible employees of the Company effective from June 09, 2016. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme. Options granted shall vest so long as the employee continues to be in the employment of the Company as on the date of vesting. Subject to an employee's continued employment with the Company, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## ESOP 2018 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme (ESOP) 2018 for issue of stock options to eligible employees of the Company. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme. Options granted shall vest so long as the employee continues to be in the employment of the Company as on the date of vesting. Subject to an employee's continued employment with the Company, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme.

### Exercise period

Scheme	Grant	Number of options	Year 1 25%	Year 2 25%	Year 3 50%
ESOP 2016	Grant I	178,438	1-Jul-18	1-Jul-19	1-Jul-20
ESOP 2016	Grant II	537,150	1-Dec-20	1-Dec-21	1-Dec-22
ESOP 2016	Grant III	270,750	1-Apr-24	1-Apr-25	1-Apr-26
ESOP 2018	Grant I	149,750	1-Dec-21	1-Dec-22	1-Dec-23
ESOP 2018	Grant II	707,000	1-Apr-23	1-Apr-24	1-Apr-25
ESOP 2018	Grant III	5,000	1-Apr-24	1-Apr-25	1-Apr-26

Scheme	Date of Grant	Number of options Granted *	Exercise price	Weighted Average Fair value of option at grant date
ESOP 2016	July 01, 2016	178,438	550.00	84.45
ESOP 2016	December 01, 2018	537,150	292.00	167.83
ESOP 2018	December 01, 2019	149,750	255.50	150.88
ESOP 2018	April 01, 2021	707,000	356.00	474.70
ESOP 2016	April 01, 2022	270,750	350.00	466.60
ESOP 2018	April 01, 2022	5,000	350.00	466.60

\* The Company issued bonus shares in the ratio of 3 shares for every 1 share held.

The details of activity under the Scheme ESOP 2016 are summarised below :

Particulars	March 31, 2023	March 31, 2022
	No. of options	No. of options
Outstanding at the beginning of the year	1,158,460	1,818,435
Granted during the year	270,750	-
Additional options on adjustment of stock split on September 29, 2020		
Forfeited during the year	26,640	56,400
Exercised during the year	1,144,135	603,575
Outstanding at the end of the year	258,435	1,158,460
Exercisable at the end of the year	685	345
Options cancelled	345	345
Weighted average exercise price for all the above options	292.00	292.00



# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

The details of activity under the Scheme ESOP 2018 are summarised below :

Particulars	March 31, 2023	March 31, 2022
	No. of options	No. of options
Outstanding at the beginning of the year	1,135,685	641,250
Granted during the year	5,000	707,000
Additional options on adjustment of stock split on September 29, 2020	-	-
Forfeited during the year	45,280	59,190
Exercised during the year	147,455	153,375
Outstanding at the end of the year	947,950	1,135,685
Weighted average exercise price for all the above options	255.50	255.50

For options exercised during the year, the weighted average share price at the exercise date under under ESOP 2016 scheme, was ₹ 58.40 per share (March 31, 2022: ₹ 131.82 per share).

The weighted average remaining contractual life for the stock options outstanding under ESOP 2016 as at March 31, 2023 is 4.01 years (March 31, 2022: 0.67 years) and under ESOP 2018 as at March 31, 2023 is 2.90 years (March 31, 2022: 3.73). The range of exercise prices for options outstanding under ESOP 2016 as at March 31, 2023 was ₹ 550.00 (March 31, 2022: ₹ 550.00) and under ESOP 2018 as at March 31, 2023 was ₹ 255.50 (March 31, 2022: ₹ 255.50).

The weighted average fair value of stock options granted during the year under ESOP 2013 scheme was ₹ 466.60 (March 31, 2022: ₹ Nil) and under ESOP 2018 scheme was ₹ 466.60 (March 31, 2022: ₹ 474.70). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2023					
	ESOP 2016 scheme			ESOP 2018 scheme		
	Grant III	Grant II	Grant I	Grant III	Grant II	Grant I
Dividend yield	0.34%	0.39%	0.39%	0.34%	0.25%	0.43%
Expected volatility	36.37%	26.90%	0.00%	36.37%	42.13%	0.00%
Risk-free interest rate	6.15%	7.19%	7.03%	6.15%	4.74%	5.81%
Weighted average share price of ₹	466.60	384.00	514.79	466.60	474.70	350.25
Exercise price of ₹	350.00	292.00	550.00	350.00	217.10	255.50
Expected life of options granted in years	3.26	2.50	2.50	3.26	3.50	3.50

	March 31, 2022			
	ESOP 2016 scheme		ESOP 2018 scheme	
	Grant II	Grant I	Grant II	Grant I
Dividend yield	0.39%	0.39%	0.25%	0.43%
Expected volatility	26.90%	0.00%	42.13%	0.00%
Risk-free interest rate	7.19%	7.03%	4.74%	5.81%
Weighted average share price of ₹	384.00	514.79	474.70	350.25
Exercise price of ₹	292.00	550.00	217.10	255.50
Expected life of options granted in years	2.50	2.50	3.50	3.50

The expected life of the stock is based on the historical data and current expectations and is not necessarily indicative of exercise pattern that may occur.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 30. Trade Payables (Details of dues to Micro and Small Enterprises as per MSMED Act,2006):

Particulars	March 31, 2023	March 31, 2022
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	28.15	75.63
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-
<b>Total</b>	<b>28.15</b>	<b>75.63</b>

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

31. In accordance with Indian Accounting Standard (Ind AS) 108 on Operating segments, segment information has been given in the consolidated financial statements of the Company, and therefore no separate disclosure on segment information is given in these financial statements.

## 32. Research and development

### i). Details of Revenue expenditure (expensed as and when incurred):

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Cost of materials consumed</b>		
Raw materials consumed	29.16	29.80
<b>Employee benefits expenses</b>		
Salaries, allowances and wages	69.98	65.11
Staff welfare expenses	5.35	4.71
Recruitment and training	0.13	0.05
<b>Other expenses</b>		
Consumption of stores and spares	1.43	1.07
Factory maintenance	6.51	5.79
Repairs and maintenance		
Plant and machinery	4.08	3.74
Effluent treatment expenses	1.56	1.04
Power and fuel	6.98	5.82
Product development	25.81	25.79
Testing and analysis charges	1.28	0.78
Rates and taxes	14.65	19.24
Insurance	1.50	2.08
Membership and subscription	2.84	2.45
Consultancy and other professional charges	11.26	15.10
Travelling and conveyance	0.75	0.43
Printing and stationery	0.66	0.17
Communication expenses	0.41	0.31
Business promotion and advertisement	0.25	0.05
<b>Total</b>	<b>184.59</b>	<b>183.53</b>

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### ii). Details of property, plant and equipment\*:

Particulars	Buildings	Plant and equipment	Furniture and fixtures	Computers	Total Property, plant and equipment
<b>Gross carrying value</b>					
<b>As at March 31, 2021</b>	<b>9.73</b>	<b>74.24</b>	<b>13.85</b>	<b>2.29</b>	<b>100.11</b>
Additions	0.16	15.62	0.31	2.10	18.19
<b>As at March 31, 2022</b>	<b>9.89</b>	<b>89.86</b>	<b>14.16</b>	<b>4.39</b>	<b>118.30</b>
Additions	1.96	18.95	3.52	2.06	26.50
<b>As at March 31, 2023</b>	<b>11.85</b>	<b>108.81</b>	<b>17.68</b>	<b>6.45</b>	<b>144.80</b>
<b>Depreciation</b>					
<b>As at March 31, 2021</b>	<b>4.20</b>	<b>40.33</b>	<b>6.29</b>	<b>1.44</b>	<b>52.26</b>
Charge for the year	1.56	10.51	1.49	0.96	14.52
<b>As at March 31, 2022</b>	<b>5.76</b>	<b>50.84</b>	<b>7.78</b>	<b>2.40</b>	<b>66.78</b>
Charge for the year	1.33	9.90	1.53	1.29	14.04
<b>As at March 31, 2023</b>	<b>7.09</b>	<b>60.74</b>	<b>9.31</b>	<b>3.69</b>	<b>80.82</b>
<b>Net carrying value</b>					
<b>As at March 31, 2021</b>	<b>5.53</b>	<b>33.91</b>	<b>7.56</b>	<b>0.85</b>	<b>47.85</b>
<b>As at March 31, 2022</b>	<b>4.13</b>	<b>39.02</b>	<b>6.38</b>	<b>1.99</b>	<b>51.52</b>
<b>As at March 31, 2023</b>	<b>4.76</b>	<b>48.07</b>	<b>8.37</b>	<b>2.76</b>	<b>63.98</b>

\* For details of pledge, refer note no. 3

### 33. Related party disclosures

#### Names of related parties and description of relationship

Name of the related party	Relationship
<b>Subsidiary Companies</b>	
i) Sriam Labs Private Limited (Wholly owned subsidiary)	
ii) Laurus Synthesis Private Limited (Wholly owned subsidiary)	
iii) Laurus Holdings Limited (Wholly owned subsidiary)	
iv) Laurus Generics Inc (Subsidiary of Laurus Holdings Limited)	
v) Laurus Generics GmbH (Wholly owned subsidiary of Laurus Holdings Limited)	
vi) Laurus Generics SA (Pty) Limited (Wholly owned subsidiary)	
vii) Laurus Bio Private Limited (Holding 76.60%) (Formerly known as Richcore Lifesciences Private Limited)	
viii) Laurus Ingredients Private Limited (Wholly owned subsidiary of Laurus Synthesis Private Limited) *	
ix) Laurus Specialty Chemicals Private Limited (Wholly owned subsidiary)	
<b>Associate Companies</b>	
i) Immuno-Adoptive Cell Therapy Private Limited (Holding 27.57%) (w.e.f. December 09,2021)	
ii) Ethan Energy India Private Limited (Holding 26.00%) (w.e.f. January 03,2023)	
<b>Enterprise over which Key Management Personnel exercise significant influence</b>	
i) Laurus Infosystems (India) Private Limited	
ii) HRV Global Life Sciences Private Limited	

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Name of the related party	Relationship
iii) Laurus Charitable Trust	
iv) Kapston Facilities Management limited	
v) Sterotherapeutics, LLC	
vi) NSN Investments	
<b>Key Management Personnel</b>	
i) Dr. Satyanarayana Chava	Executive Director & Chief executive officer
ii) Mr. V.V. Ravi Kumar	Executive Director & Chief financial officer
iii) Dr. C.V. Lakshmana Rao	Executive Director
iv) Mr. Chandrakanth Chereddi	Non-Executive Director
v) Mrs. Aruna Bhinge	Independent Director
vi) Dr. Rajesh Koshy Chandy	Independent Director
vii) Dr. Venugopala Rao Malempati	Independent Director
viii) Dr. Ravindranath Kancherla	Independent Director
ix) Mr. G Venkateswar Reddy	Company Secretary
<b>Relatives of Key Management Personnel</b>	
i) Mr. Narasimha Rao Chava	Brother of Dr. Satyanarayana Chava
ii) Mr. Chandrakanth Chereddi	Son-in-Law of Dr. Satyanarayana Chava
iii) Mr. Krishna Chaitanya Chava	Son of Dr. Satyanarayana Chava
iv) Mrs. Soumya Chava	Daughter of Dr. Satyanarayana Chava

\* The Company has not commenced its operations and no share capital has been infused and the Company has filed for striking off of the name of the company as on February 21, 2022.

## Transactions during the year :

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>a) Subsidiary Companies</b>		
<b>i) Sriam Labs Private Limited</b>		
Conversion charges	8.45	2.40
Purchase of goods	36.43	59.73
Sale of goods	3.82	8.84
Corporate Support service income	0.27	-
<b>ii) Laurus Holdings Limited</b>		
Advances given	-	1.13
Business promotion	4.21	4.68
Sale of Services	5.39	1.60
<b>iii) Laurus Synthesis Private Limited</b>		
Loan given/(repaid) (net) *	(17.72)	34.00
Interest income	5.50	6.56
Conversion charges	8.84	4.43
Purchase of goods	4.91	29.38
Sale of goods	1.32	3.86
Sale of assets	2.97	0.28

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchase of fixed assets	1.51	0.31
Conversion Income	5.85	-
Business promotion	45.10	-
Corporate Support service income	2.18	-
Reimbursement of expenses	0.62	-
Interest received on Corporate guarantee	0.97	-
<b>iv) Laurus Bio Private Limited</b>		
Corporate Support service income	0.85	-
Product development expenses	4.26	-
Loan given/(repaid) (net)**	-	10.00
Interest income	1.50	0.68
Interest received on corporate guarantee	0.37	-
<b>v) Laurus Specialty Chemicals Private Limited</b>		
Investment made	0.10	-
<b>b) Step-down subsidiary companies</b>		
<b>i) Laurus Generics Inc</b>		
Sale of goods (net)	61.22	24.32
Business promotion	28.24	17.19
Investment made	-	15.23
Advance given	-	5.29
Interest received on corporate guarantee	0.20	-
<b>ii) Laurus Generics GmbH</b>		
Product filing fee	0.91	4.44
Sale of goods	11.23	10.23
<b>c) Associate companies</b>		
<b>i) Immuno-Adoptive Cell Therapy Private Limited</b>		
Investment made	18.40	27.60
<b>ii) Ethan Energy India Private Limited</b>		
Investment made	3.90	-
Performance guarantee deposit received	3.73	-
<b>d) Enterprise over which Key Management Personnel exercise significant influence</b>		
<b>i) Laurus Infosystems (India) Private Limited</b>		
Software maintenance	1.76	1.15
<b>ii) HRV Global Life Sciences Private Limited</b>		
Sale of goods	-	2.41
Purchase of goods	-	4.25
<b>iii) Laurus Charitable Trust</b>		
Donations	0.36	-
CSR expenditure	10.18	1.38



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>iv) Kapston Facilities Management limited</b>		
Factory maintenance	2.34	1.41
<b>v) Sterotherapeutics, LLC</b>		
Sale of goods/Services	0.08	0.32
<b>vi) NSN Investments</b>		
Rent	3.40	0.47
Reimbursement of expenses	0.21	-
Security Deposit	-	0.92
<b>e) Key Management Personnel</b>		
<b>i) Dr. Satyanarayana Chava</b>		
Remuneration	10.93	18.11
<b>ii) Mr. V.V. Ravi Kumar</b>		
Remuneration	3.67	4.69
Rent	0.10	0.10
<b>iii) Dr. C.V. Lakshmana Rao</b>		
Remuneration	2.45	3.15
<b>iv) Mr. Chandrakanth Chereddi</b>		
Independent directors fee	0.40	0.40
Sitting fee	0.09	0.09
<b>v) Mrs. Aruna Bhinge</b>		
Independent directors fee	0.20	0.20
Sitting fee	0.06	0.06
<b>vi) Dr. Rajesh Koshy Chandy</b>		
Independent directors fee	0.33	0.30
Sitting fee	0.06	0.07
<b>vii) Dr. Venugopala Rao Malempati</b>		
Independent directors fee	0.20	0.20
Sitting fee	0.05	0.05
<b>viii) Dr. Ravindranath Kancherla</b>		
Independent directors fee	0.20	0.20
Sitting fee	0.05	0.05
<b>ix) Mr. G.Venkateswar Reddy</b>		
Remuneration	0.67	0.64
<b>f) Relatives of Key Management Personnel</b>		
<b>i) Mr. Narasimha Rao Chava</b>		
Remuneration	1.16	1.11
<b>ii) Mr. Krishna Chaitanya Chava</b>		
Remuneration	1.56	1.26
<b>iii) Mrs. Soumya Chava</b>		
Rent	0.21	0.20

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## Closing balances (Unsecured)

	March 31, 2023	March 31, 2022
<b>a) Subsidiary Companies</b>		
<b>i) Sriam Labs Private Limited</b>		
Trade receivable	0.01	1.04
Trade payable	6.58	8.93
<b>ii) Laurus Holdings Limited</b>		
Trade payables	2.12	0.30
Advances to related parties	-	2.67
<b>iii) Laurus Synthesis Private Limited</b>		
Trade payable	18.21	1.09
Trade receivable	5.64	4.81
Inter corporate loan	50.50	68.22
<b>iv) Laurus Bio Private Limited</b>		
Trade payable	1.67	-
Trade receivable	1.37	-
Inter corporate loan	20.00	20.00
<b>b) Step-down subsidiary Companies</b>		
<b>i) Laurus Generics Inc.</b>		
Trade receivable	46.96	8.67
Trade payables	0.22	0.97
<b>ii) Laurus Generics GmbH</b>		
Trade receivable	10.85	10.18
<b>c) Enterprise over which Key Management Personnel exercise significant influence</b>		
<b>i) HRV Global Life Sciences Private Limited</b>		
Trade receivable	-	2.30
<b>ii) Kapston Facilities Management limited</b>		
Trade payable	0.17	0.13
<b>iii) Sterotherapeutics, LLC</b>		
Trade receivable	-	0.33
<b>iv) NSN Investments</b>		
Rent payable	-	0.23
Security deposit	0.92	0.92
<b>d) Key Management Personnel ^</b>		
<b>i) Dr. Satyanarayana Chava</b>		
Remuneration payable	0.41	8.16
<b>ii) Mr. V.V. Ravi Kumar</b>		
Remuneration payable	0.14	1.36
Rent payable	0.01	0.01
<b>iii) Dr. C.V. Lakshmana Rao</b>		
Remuneration payable	0.09	0.91

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

	March 31, 2023	March 31, 2022
<b>iv) Mr. G.Venkateswar Reddy</b>		
Remuneration payable	0.11	0.09
<b>e) Relatives of Key Management Personnel</b>		
<b>i) Mr. Narasimha Rao Chava</b>		
Remuneration payable	0.22	0.16
<b>ii) Mr. Krishna Chaitanya Chava</b>		
Remuneration payable	0.25	0.18
<b>iii) Mrs. Soumya Chava</b>		
Rent Payable	0.02	0.02

\* Net of loan given ₹ 48.20. Maximum balance outstanding during the year ₹ 106.42 ; (March 31, 2022 : ₹ 143.21) loan given for business purposes at the rate of interest 8.00 % (March 31,2022 : 7.00 % )

\*\*Maximum balance outstanding during the year ₹ 20.00 ; (March 31, 2022: ₹ 20.00) loan given for business purposes at the rate of interest 8.00 % (March 31,2022 : 7.00 % )

The Company has provided guarantees for ₹ 440.33 in the form of Corporate guarantees to CITI, SBI and DBS Bank for the loans obtained by Laurus Synthesis Private Limited, Laurus Bio Private Limited & Laurus Generics Inc, USA . (March 31, 2022: ₹ 140.90 in the form of Corporate guarantees to CITI and DBS Bank for the loans obtained by Laurus Synthesis Private Limited, Laurus Bio Private Limited & Laurus Generics Inc, USA).

^ As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured.

## 34. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### (A) Use of estimates, Judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note

#### (i) Taxes

The Company has a Minimum Alternate Tax (MAT) credit of ₹ Nil as on March 31, 2023 (March 31, 2022: ₹ 33.21). During the year ended March 31, 2023, the Company elected to exercise the option permitted under Section 115BAA of the Income-Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2023 and remeasured its deferred tax assets/liabilities based on the rate prescribed in the said Section.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## (ii) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimation requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Black Scholes valuation model has been used by the Management for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 29.

## (iii) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 28.

## (iv) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 37 and 38 for further disclosures.

## (v) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

## (vi) Impairment of investments

The Company reviews its carrying value of investments annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 35. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

Particulars	Carrying value		Fair value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Financial assets at fair value through profit &amp; loss:</b>				
Investments	3.41	3.41	3.41	3.41
<b>Financial assets at cost:</b>				
Investments	380.71	358.31	380.71	358.31
<b>Financial assets at amortised cost:</b>				
Loans	71.09	88.75	71.09	88.75
Other financial assets	62.11	46.22	62.11	46.22
Trade receivables	1,487.42	1,269.15	1,487.42	1,269.15
Cash and cash equivalents	1.42	40.33	1.42	40.33
Other balances with banks	0.28	0.23	0.28	0.23
<b>Financial liabilities at amortised cost:</b>				
Borrowings (Non-current and current)	1,681.38	1,619.66	1,681.38	1,619.66
Interest accrued	7.22	3.18	7.22	3.18
Trade payables	666.36	849.23	666.36	849.23
Capital creditors and others	136.82	284.59	136.82	284.59
Lease liabilities	32.88	33.44	32.88	33.44
<b>Financial liabilities/(assets) at fair value through profit and loss:</b>				
Derivative contracts	(0.98)	(1.81)	(0.98)	(1.81)

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of borrowings approximate their carrying amounts largely since they are carried at floating rate of interest.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## 36. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

### Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2023:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets at fair value through profit and loss:</b>					
Investments	March 31, 2023	3.41	-	3.41	-
<b>Financial assets at cost:</b>					
Investments	March 31, 2023	380.71	-	380.71	-
<b>Financial liabilities/(assets) at fair value through profit and loss:</b>					
Derivative financial instruments	March 31, 2023	(0.98)	-	(0.98)	-



# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2022:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
<b>Financial assets at fair value through profit and loss:</b>					
Investments	March 31, 2022	3.41	-	3.41	-
<b>Financial assets at cost:</b>					
Investments	March 31, 2022	358.31	-	358.31	-
<b>Financial liabilities at fair value through profit and loss:</b>					
Derivative financial instruments	March 31, 2022	(1.81)	-	(1.81)	-

### Measurement of fair value

#### Valuation techniques

The following table shows the valuation techniques used in measuring Level 2 fair values for assets and liabilities carried at fair value through profit or loss.

Type	Valuation technique
<b>Assets measured at fair value:</b>	
Investments	The fair value is determined based on value per share derived from net worth of the Company as at the reporting date.
<b>Liabilities measured at fair value:</b>	
Derivative financial instruments	The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curve in reporting currency.

## 37. Financial risk management objectives and policies

### Financial risk management framework

The Company is exposed primarily to credit risk, liquidity risk and market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

#### A Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

#### Trade receivables:

The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. Of the trade receivables balance, ₹ 487.71 in aggregate (as at March 31, 2022 ₹ 481.99) is due from the Company's customers individually representing more than 5 %

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

of the total trade receivables balance and accounted for approximately 33% (March 31, 2022: 38%) of all the receivables outstanding. The Company's receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

#### Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 1,487.42 (March 2022: ₹ 1,269.15), being the total of the carrying amount of balances with trade receivables.

#### B Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Up to 1 Year	1 to 3 years	3 to 5 years	> 5 years	Total
<b>March 31, 2023:</b>					
Non-current borrowings (including current maturities)	180.94	518.03	47.46	-	746.43
Current borrowings	934.95	-	-	-	934.95
Interest accrued	7.22	-	-	-	7.22
Trade payables	663.61	2.75	-	-	666.36
Lease liabilities	4.82	9.64	14.46	3.96	32.88
Other payables	136.82	-	-	-	136.82
	<b>1,928.36</b>	<b>530.42</b>	<b>61.92</b>	<b>3.96</b>	<b>2,524.66</b>
<b>March 31, 2022:</b>					
Non-current borrowings (including current maturities)	204.72	496.26	53.41	-	754.39
Current borrowings	865.27	-	-	-	865.27
Interest accrued	3.18	-	-	-	3.18
Trade payables	849.23	-	-	-	849.23
Lease liabilities	3.94	7.88	11.82	3.94	27.58
Other payables	284.59	-	-	-	284.59
	<b>2,210.93</b>	<b>504.14</b>	<b>65.23</b>	<b>3.94</b>	<b>2,784.23</b>

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### C Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

Particulars	Change in basis points		Effect on profit before tax	
	Increase	Decrease	Decrease	Increase
<b>March 31, 2023</b>				
Indian Rupees	0.50%	0.50%	(6.16)	6.16
US Dollars	0.50%	0.50%	(3.36)	3.36
<b>March 31, 2022</b>				
Indian Rupees	0.50%	0.50%	(6.53)	6.53
US Dollars	0.50%	0.50%	(2.42)	2.42

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

#### Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows:

#### a) Forward contract (Derivatives):

Forward contract outstanding as at Balance Sheet date:

March 31, 2023 Sell US \$ 45,000,000	Designated as fair value hedge - receivables
March 31, 2022 Sell US \$ 22,000,000	Designated as fair value hedge - receivables

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## b) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under :

Particulars	Currency	March 31, 2023			March 31, 2022		
		Amount in foreign currency	Amount in ₹	Conversion rate	Amount in foreign currency	Amount in ₹	Conversion rate
Secured loans	USD	44,274,390	364.01	82.22	92,068,667	697.95	75.81
Unsecured loans	USD	7,322,340	60.20	82.22	5,138,355	38.95	75.81
Interest accrued but not due on borrowings	USD	300,126	2.47	82.22	62,725	0.48	75.81
Trade payables	USD	16,406,319	134.89	82.22	21,671,594	164.29	75.81
	EURO	230,088	2.06	89.61	468,045	3.96	84.66
	GBP	31,660	0.32	101.87	79,533	0.79	99.55
	NAD	-	-	4.57	83,714	0.04	5.21
	AED	-	-	22.36	11,450	0.01	10.86
	CHF	3,507	0.03	89.70	-	-	81.56
Capital creditors	USD	91,608	0.75	82.22	517,286	3.92	75.81
	GBP	13,887	0.14	101.87	18,853	0.19	99.55
	EURO	5,391	0.05	89.61	631,132	5.34	84.66
Trade receivables	USD	57,520,270	472.91	82.22	77,443,259	587.07	75.81
	EURO	7,023,201	62.93	89.61	8,273,530	70.04	84.66
	GBP	65,957	0.67	101.87	157,624	1.57	99.55
	CAD	2,530,203	15.35	60.65	1,506,862	9.12	60.50
	JPY	250,000	0.02	0.62	-	-	-
Cash and cash equivalents*	USD	64	0.00	82.22	5,247,377	39.78	75.81
	EURO	-	-	89.61	13,363	0.11	84.66

\* Amount less than Indian Rupees 100,000.

## c) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in forex rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
<b>March 31, 2023</b>				
USD	1.00%	1.00%	(0.89)	0.89
EURO	1.00%	1.00%	0.61	(0.61)
<b>March 31, 2022</b>				
USD	1.00%	1.00%	(2.79)	2.79
EURO	1.00%	1.00%	0.61	(0.61)

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 38. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company intends to keep the gearing ratio between 0.4 to 1.5. The Company includes within net debt, borrowings including interest accrued on borrowings less cash and short-term deposits.

Particulars	March 31, 2023	March 31, 2022
Borrowings including interest accrued on borrowings (Note 13)	1,688.60	1,622.84
Less: Cash and cash equivalents; other balances with banks (Note 10A & 10B)	(1.70)	(40.56)
<b>Net debt</b>	<b>1,686.90</b>	<b>1,582.28</b>
Equity	107.73	107.47
Other equity	3,949.09	3,280.74
<b>Total equity</b>	<b>4,056.82</b>	<b>3,388.21</b>
Gearing ratio (Net debt/ Total equity)	0.42	0.47

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023.

## 39. Commitments and Contingencies

### A. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Operating lease commitments - Company as lessee

The Company's lease asset classes primarily consist of leases for land. The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2023 and March 31, 2022

Particulars	March 31, 2023	March 31, 2022
Opening Balance	93.19	40.94
Additions	2.56	54.99
Depreciation	(5.21)	(2.74)
<b>Closing Balance</b>	<b>90.54</b>	<b>93.19</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of profit and loss

The following is the movement in lease liabilities during the year ended March 31, 2023 and March 31, 2022

Particulars	March 31, 2023	March 31, 2022
Opening Balance	33.44	21.74
Additions	2.56	54.99
Finance cost accrued during the year	2.67	1.92
Payment of lease liabilities	(5.79)	(45.21)
<b>Closing Balance</b>	<b>32.88</b>	<b>33.44</b>

The following is the break-up of current and non-current lease liabilities as at March 31, 2023 and March 31, 2022

Particulars	March 31, 2023	March 31, 2022
Non-current lease liabilities	28.06	29.50
Current lease liabilities	4.82	3.94
<b>Total</b>	<b>32.88</b>	<b>33.44</b>

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 and March 31, 2022 on discounted basis

Particulars	March 31, 2023	March 31, 2022
Within one year	4.82	3.94
After one year but not more than five years	24.10	19.70
More than five years	3.96	9.80
<b>Total</b>	<b>32.88</b>	<b>33.44</b>

## B. Commitments

Particulars	March 31, 2023	March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	160.96	263.07

## C. Contingent liabilities

Particulars	March 31, 2023	March 31, 2022
(i) Outstanding bank guarantees (excluding performance obligations)	63.00	44.47
(ii) Claims arising from disputes not acknowledged as debts - direct taxes	5.89	10.90
(iii) Claims arising from disputes not acknowledged as debts - indirect taxes	56.53	53.51
(iv) On account of provident fund liability	7.57	7.57
(v) Corporate guarantees	440.33	140.90

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### 40. Ratios

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

Particulars	Numerator	Denominator	March 31, 2023	March 31, 2022	Variance	Change in ratio in excess of 25% compared to preceeding year
Current Ratio	Current Assets	Current Liabilities	1.51	1.32	14 %	
Debt-Equity Ratio	Total Debt (1)	Shareholder's Equity	0.42	0.48	-13 %	
Debt Service Coverage Ratio	Earnings available for debt service (2)	Debt service (3)	4.47	5.82	-23 %	
Return on Equity (ROE)	Net profit after taxes	Average Shareholder's Equity	20.4 %	24.6 %	-17 %	
Inventory Turnover Ratio	Revenue from Operations	Average Inventory	3.54	2.92	21 %	
Trade Receivables Turnover Ratio	Revenue from Operations	Average Receivables	4.19	3.69	13 %	
Trade Payables Turnover Ratio	Purchases	Average Trade Payables	3.36	2.29	47 %	Decrease was primarily on account of decrease in average payables
Net Capital Turnover Ratio	Revenue from Operations	Working Capital (4)	5.42	6.11	-11 %	
Net Profit Ratio	Net Profit	Revenue from Operations	13.2 %	15.9 %	-17 %	
Return on Capital Employed (ROCE)	Earnings Before Interest and Taxes (EBIT)	Capital Employed (5)	22.2 %	23.5 %	-6 %	
Return on Investment (6)	Income generated from investments	Investment	N.A.	N.A.	-	

(1) Long Term borrowings + Short Term borrowings + Inter corporate loans + interest accrued

(2) Net profit after tax + Non-operating cash exp like depreciation + Term loan Interest

(3) Term loan Interest + Principal repayments

(4) Current assets - current liabilities

(5) Tangible networth + total debt including interest accrued +deferred tax liability-deferred tax assets

(6) The Company is not having any market linked investments.

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# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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(All amounts in Crore Rupees except for share data or as otherwise stated)

## 41. Other statutory information

- i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- ii) The Company does not have any transactions with companies struck off.
- iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- viii) The Company doesn't have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

For and on behalf of the Board of Directors  
**LAURUS LABS LIMITED**

**Dr. Satyanarayana Chava**  
Executive Director & Chief Executive Officer  
DIN: 00211921

Place: Hyderabad  
Date: April 27, 2023

**V.V. Ravi Kumar**  
Executive Director & Chief Financial Officer  
DIN: 01424180

**G. Venkateswar Reddy**  
Company Secretary

# INDEPENDENT AUDITOR'S REPORT

To The Members of

**Laurus Labs Limited**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Laurus Labs Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") which includes Group's share of loss in its associates which comprise the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries and associate referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash

flows and their consolidated changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Revenue Recognition - Refer Note 17 of consolidated financial statements</b></p> <p>The Parent recognises revenue from sale of products based on the terms and conditions of transactions which varies with different customers.</p> <p>For sale transactions in a certain period of time around the Balance Sheet date, it is essential to ensure that the control of the goods have been transferred to the customers.</p> <p>As revenue recognition is subject to management's judgement on whether the control of the goods have been transferred, we consider cut-off of revenue as a key audit matter.</p>	<p><b>Principal audit procedure performed:</b></p> <p>We obtained an understanding of the revenue recognition process and tested the Parent's controls around the timely and accurate recording of sales transactions.</p> <p>We have obtained an understanding of a sample of customer contracts.</p> <p>We tested the access and change management controls of the relevant information technology system in which shipments are recorded.</p> <p>Our test of revenue samples focused on sales recorded immediately before the year-end, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents.</p>

## Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's report including annexures to Board's report, Report on Corporate Governance and Business Responsibility And Sustainability Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries and associate audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, and associate, is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its Associates in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management of the companies included in the Group and of its associates are responsible for assessing the ability of the respective

entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

## Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

- (a) We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of ₹ 241.41 Crores as at March 31, 2023, total revenues of ₹ 181.33 Crores and net cash inflows amounting to ₹ 10.81 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and

our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

- (b) The consolidated financial statements also include the Group's share of net loss after tax of ₹ 0.36 Crores for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries and associate referred to in the Other Matters section above we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Parent as on March 31, 2023 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies and associate

companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies and associate company incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies .
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies and associate companies incorporated in India, the remuneration paid by the Parent and such subsidiary companies, associate companies to their respective directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates Refer Note 39(C) to the consolidated financial statements.
  - ii) The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent, its subsidiary companies and associate companies incorporated in India.
  - iv) (a) The respective Managements of the Parent, its subsidiaries, and associates incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries and associate that, to the best of their knowledge and belief, as disclosed in the note 40(vi) to the consolidated financial statements, no funds have been advanced or loaned or

invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries and associates with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries and associates or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The respective Managements of the Parent, its subsidiaries and associates which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in the note 40(vii) to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries and associates from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries and associates shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) (a) The first interim dividend declared and paid by the Parent during the year and until the date of this report is in accordance with section 123 of the companies Act 2013.
- (b) The second interim dividend declared by the Parent during the year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to declaration of dividend. However, the said dividend was not due for payment on the date of this audit report.
- (c) The interim dividend paid by the company during the year in respect of the same declared

for the previous year is in accordance with section 123 to the extent it applies to payment of dividend.

- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. April 01, 2023 to the Parent ,its subsidiaries and associates which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act,

according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent Company, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants  
(Firm's Registration No.117366W/W-100018)

**Ganesh Balakrishnan**

Partner

(Membership No. 201193)

(UDIN: 23201193BGPJPW6646)

Place: Hyderabad  
Date: April 27, 2023

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# ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

## **Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of Laurus Labs Limited (hereinafter referred to as “Parent”) and its subsidiary companies, which includes internal financial controls with reference to consolidated financial statements of the Company’s associate company which are incorporated in India, as of that date.

### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Parent, its subsidiary companies and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent, its subsidiary companies and its associate company which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent, its subsidiary companies and its associate company which are companies incorporated in India.

### **Meaning of Internal Financial Controls with reference to consolidated financial statements**

A company’s internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial

statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, Parent its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to a subsidiary company, Which is company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

The Parent has consolidated financial information of one associate company incorporated in India on the basis of unaudited financial statements prepared by the Management. In our opinion and according to the information and explanations given to us by the Management, such associate is not material to the Group.

Our opinion is not modified in respect of the above matters.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants  
(Firm 's Registration No. 117366W/W-100018)

**Ganesh Balakrishnan**

Partner  
(Membership No. 201193)

Place: Hyderabad  
Date: April 27, 2023



# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	Note	March 31, 2023	March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	3,015.96	2,257.29
Right-of-use assets	39A	133.43	138.05
Capital work-in-progress	3	550.78	813.22
Goodwill	4	246.30	246.30
Other intangible assets	4	12.93	10.83
Financial assets			
Investments	5A	49.90	30.81
Other financial assets	5C	49.41	60.27
Income tax assets (net)	16A	20.44	6.77
Other non-current assets	7A	119.57	59.89
<b>Total non-current assets</b>		<b>4,198.72</b>	<b>3,623.43</b>
<b>Current assets</b>			
Inventories	8	1,684.81	1,760.30
Financial assets			
Trade receivables	9	1,580.44	1,354.18
Cash and cash equivalents	10A	45.67	75.35
Other balances with banks	10B	2.79	0.59
Loans	5B	0.97	0.64
Other financial assets	5C	16.31	1.95
Other current assets	7B	130.69	151.60
<b>Total current assets</b>		<b>3,461.68</b>	<b>3,344.61</b>
<b>Total assets</b>		<b>7,660.40</b>	<b>6,968.04</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity share capital	11	107.73	107.47
Other equity		3,929.80	3,243.72
<b>Total equity attributable to equity holders of parent</b>		<b>4,037.53</b>	<b>3,351.19</b>
Non-controlling interests		11.13	7.86
<b>Total equity</b>		<b>4,048.66</b>	<b>3,359.05</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	13A	761.42	596.34
Lease liabilities	39A	37.44	39.63
Other financial liabilities	13E	91.20	83.20
Provisions	15A	81.47	72.67
Deferred tax liability (net)	6	82.45	69.11
Other non-current liabilities	14A	125.50	67.03
<b>Total non-current liabilities</b>		<b>1,179.48</b>	<b>927.98</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	13B	1,210.55	1,135.69
Trade payables			
-total outstanding dues of micro enterprises and small enterprises	13C	38.34	78.48
-total outstanding dues of creditors other than micro enterprises and small enterprises	13C	672.31	797.89
Lease liabilities	39A	5.68	5.00
Other financial liabilities	13D	192.33	300.70
Other current liabilities	14B	227.96	309.06
Provisions	15B	20.09	16.49
Income tax liabilities (net)	16B	65.00	37.70
<b>Total current liabilities</b>		<b>2,432.26</b>	<b>2,681.01</b>
<b>Total - equity and liabilities</b>		<b>7,660.40</b>	<b>6,968.04</b>
Summary of significant accounting policies	2.2		

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

As per our report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI Firm Registration Number :  
117366W/W-100018

**Ganesh Balakrishnan**  
Partner  
Membership No. 201193

Place: Hyderabad  
Date: April 27, 2023

For and on behalf of the Board of Directors  
**LAURUS LABS LIMITED**

**Dr. Satyanarayana Chava**  
Executive Director & Chief Executive Officer  
DIN: 00211921

Place: Hyderabad  
Date: April 27, 2023

**V.V. Ravi Kumar**  
Executive Director & Chief Financial Officer  
DIN: 01424180

**G.Venkateswar Reddy**  
Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>I. INCOME</b>			
Revenue from operations	17	6,040.55	4,935.57
Other income	18	1.44	13.58
<b>Total income ( I )</b>		<b>6,041.99</b>	<b>4,949.15</b>
<b>II. EXPENSES</b>			
Cost of materials consumed	19	2,596.57	2,269.13
Purchase of traded goods		155.71	145.81
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	22.04	(221.17)
Employee benefits expenses	21	580.64	501.53
Other expenses	22	1,093.40	817.84
<b>Total expenses ( II )</b>		<b>4,448.36</b>	<b>3,513.14</b>
<b>III. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)</b>		<b>1,593.63</b>	<b>1,436.01</b>
Depreciation and amortisation	3,4 & 39A	324.08	251.49
Finance income	23A	(4.56)	(1.72)
Finance costs	23B	165.17	102.39
<b>IV. Profit before tax</b>		<b>1,108.94</b>	<b>1,083.85</b>
<b>V. Tax expense</b>	27		
Current tax		289.83	254.22
Deferred tax		22.47	(2.80)
Total tax expense		<b>312.30</b>	<b>251.42</b>
<b>VI. Profit for the year before share of loss from associates (IV-V)</b>		<b>796.64</b>	<b>832.43</b>
<b>VII. Share of loss from associates</b>		<b>(3.21)</b>	<b>(0.20)</b>
<b>VIII. Profit for the year after share of loss from associates (VI-VII)</b>		<b>793.43</b>	<b>832.23</b>
<b>Other comprehensive income (OCI)</b>	24		
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement gains/(losses) on defined benefit plans		0.75	1.39
Tax on remeasurement of defined benefit plans		(0.17)	(0.48)
		<b>0.58</b>	<b>0.91</b>
<b>Items that will be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating the financial statements of foreign operations		(6.21)	0.12
		<b>(6.21)</b>	<b>0.12</b>
<b>Total other comprehensive income for the year, net of tax</b>		<b>(5.63)</b>	<b>1.03</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>787.80</b>	<b>833.26</b>
<b>Profit for the year attributable to:</b>			
Equity holders of the parent		790.11	827.52
Non-controlling interests		3.32	4.71
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the parent		784.53	828.55
Non-controlling interests		3.27	4.71
<b>Earnings per equity share ₹ 2/- each fully paid (March 31, 2022: ₹ 2/- each fully paid)</b>	25		
Computed on the basis of total profit for the year			
<b>Basic (₹)</b>		14.69	15.42
<b>Diluted (₹)</b>		14.64	15.35
Summary of significant accounting policies	2.2		

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

As per our report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI Firm Registration Number :  
117366W/W-100018

**Ganesh Balakrishnan**  
Partner  
Membership No. 201193

Place: Hyderabad  
Date: April 27, 2023

For and on behalf of the Board of Directors  
**LAURUS LABS LIMITED**

**Dr. Satyanarayana Chava**  
Executive Director & Chief Executive Officer  
DIN: 00211921

Place: Hyderabad  
Date: April 27, 2023

**V.V. Ravi Kumar**  
Executive Director & Chief Financial Officer  
DIN: 01424180

**G.Venkateswar Reddy**  
Company Secretary

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## a. Equity share capital

Equity shares of ₹ 2/- each, fully paid up	No.	₹
At March 31, 2021	536,602,385	107.32
Issued during the year - ESOP	756,950	0.15
At March 31, 2022	537,359,335	107.47
Issued during the year - ESOP	1,291,590	0.26
At March 31, 2023	538,650,925	107.73

## b. Other equity

Particulars	Reserves and surplus					Other comprehensive income		Non-controlling Interests	Total
	Capital reserve	Securities Premium	Employee Stock option Reserve	Retained Earnings	Gross obligation liability to acquire non-controlling interest	Re-measurement gains or losses on employee defined benefit plans	Foreign currency translation reserve		
At March 31, 2021	1.79	694.77	4.92	1,883.29	(83.20)	(9.62)	(1.72)	3.15	2,493.38
Profit for the year	-	-	-	827.52	-	-	-	4.71	832.23
Expense arising from equity-settled share-based payment transactions	-	-	6.64	-	-	-	-	-	6.64
Transferred from stock options outstanding	-	6.55	(2.39)	-	-	-	-	-	4.16
Dividend on equity shares	-	-	-	(85.86)	-	-	-	-	(85.86)
Foreign currency translation reserve	-	-	-	-	-	-	0.12	-	0.12
Remeasurement on net defined benefit liability, net of tax	-	-	-	-	-	0.91	-	-	0.91
At March 31, 2022	1.79	701.32	9.17	2,624.95	(83.20)	(8.71)	(1.60)	7.86	3,251.58
Profit for the year	-	-	-	784.53	-	-	-	3.27	787.80
Expense arising from equity-settled share-based payment transactions	-	-	7.48	-	-	-	-	-	7.48
Transferred from stock options outstanding	-	11.74	(4.57)	-	-	-	-	-	7.17
Dividend on equity shares	-	-	-	(107.47)	-	-	-	-	(107.47)
Foreign currency translation reserve	-	-	-	-	-	-	(6.21)	-	(6.21)
Remeasurement on net defined benefit liability, net of tax	-	-	-	-	-	0.58	-	-	0.58
At March 31, 2023	1.79	713.06	12.08	3,302.01	(83.20)	(8.13)	(7.81)	11.13	3,940.93

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI Firm Registration Number :  
117366W/W-100018

**Ganesh Balakrishnan**  
Partner  
Membership No. 201193

Place: Hyderabad  
Date: April 27, 2023

Laurus Labs Limited

For and on behalf of the Board of Directors  
**LAURUS LABS LIMITED**

**Dr. Satyanarayana Chava**  
Executive Director & Chief Executive Officer  
DIN: 00211921

Place: Hyderabad  
Date: April 27, 2023

**V.V. Ravi Kumar**  
Executive Director & Chief Financial Officer  
DIN: 01424180

**G.Venkateswar Reddy**  
Company Secretary

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Profit before tax</b>	<b>1,108.94</b>	<b>1,083.85</b>
<b>Cash flows from operating activities</b>		
<b>Adjustments for :</b>		
Depreciation and amortisation	324.08	251.49
Loss on sale of fixed assets (net)	0.21	1.21
Interest income	(4.56)	(1.72)
Interest expenses	145.47	86.19
Share based payment expense	7.48	6.64
Net loss on foreign exchange fluctuations (unrealised)	12.42	7.81
Allowance for bad and doubtful advances and receivables	1.65	-
Provisions no longer required written back	(1.04)	(0.49)
<b>Operating profit before working capital changes</b>	<b>1,594.65</b>	<b>1,434.98</b>
<b>Movement In working capital:</b>		
(Increase)/Decrease in inventories	81.83	(174.33)
Increase in trade receivables	(227.86)	(51.58)
(Increase)/Decrease in financial and non-financial assets	9.94	(15.75)
Decrease in trade payables	(168.87)	(301.21)
Increase/(Decrease) in financial, non-financial liabilities and provisions	(10.30)	201.26
<b>Cash generated from operations</b>	<b>1,279.39</b>	<b>1,093.37</b>
Income tax paid	(285.49)	(182.27)
<b>Net cash flows from operating activities (A)</b>	<b>993.90</b>	<b>911.10</b>
<b>Cash flows used in investing activities</b>		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(990.16)	(876.84)
Proceeds from sale of property, plant and equipment	2.67	0.12
Movement in other bank balances	9.17	(11.74)
Investment in associates	(22.30)	(27.60)
Interest received	4.56	1.72
<b>Net cash flows used in investing activities (B)</b>	<b>(996.06)</b>	<b>(914.34)</b>
<b>Net cash flows (used in)/ from financing activities</b>		
Proceeds from exercise of employee stock options	7.44	4.31
Repayment of long - term borrowings	(246.83)	(167.77)
Proceeds from long - term borrowings	383.50	414.04
Proceeds from short - term borrowings (net)	84.95	23.97
Payment of lease liabilities	(7.83)	(73.43)
Dividend paid	(107.47)	(85.86)
Interest paid	(140.40)	(85.00)
<b>Net cash flows from / (used in) financing activities (C)</b>	<b>(26.64)</b>	<b>30.26</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(28.80)	27.02
Effect of exchange differences on cash and cash equivalents	(0.88)	(0.13)
Cash and cash equivalents at the beginning of the year	75.35	48.46
<b>Cash and cash equivalents at the year end</b>	<b>45.67</b>	<b>75.35</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	0.09	0.14
Balances with banks		
On current accounts	19.25	53.79
On deposit accounts	26.33	21.42
<b>Total cash and cash equivalents</b>	<b>45.67</b>	<b>75.35</b>

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

As per our report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI Firm Registration Number :  
117366W/W-100018

**Ganesh Balakrishnan**  
Partner  
Membership No. 201193

Place: Hyderabad  
Date: April 27, 2023

For and on behalf of the Board of Directors  
**LAURUS LABS LIMITED**

**Dr. Satyanarayana Chava**  
Executive Director & Chief Executive Officer  
DIN: 00211921

Place: Hyderabad  
Date: April 27, 2023

**V.V. Ravi Kumar**  
Executive Director & Chief Financial Officer  
DIN: 01424180

**G.Venkateswar Reddy**  
Company Secretary

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 1. Corporate information

The consolidated financial statements comprise financial statements of Laurus Labs Limited (the 'Company') and its subsidiaries and associates (collectively, the 'Group') for the year ended March 31, 2023. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company's shares are listed on BSE Limited and National Stock Exchange of India Limited in India. The registered office of the company is located at Laurus Enclave, Plot Office 01, E. Bonangi Village, Parawada Mandal, Anakapalli District, Andhra Pradesh – 531021.

The Group is principally engaged in offering a broad and integrated portfolio of Active Pharmaceuticals Ingredients (API) including intermediates, Generic Finished dosage forms (FDF) and Contract Research services to cater to the needs of the global pharmaceutical industry and to develop novel enzyme solutions for Industrial Biotechnology and Animal Origin Free recombinant proteins and enzymes for biopharma. Information on the Group's structure is provided in Note 37. Information on other related party relationships of the Group is provided in Note 32.

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on April 27, 2023.

## 2. Significant accounting policies

### 2.1 Basis of preparation

- (a) The financial statements of the Group have been prepared in accordance with Indian Accounting Standards ('Ind AS'), under the historical cost except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

The consolidated financial statements have been prepared on a historical cost except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in accounting policies below.

The financial statements are presented in Indian Rupees and all values are rounded to the nearest crores, except otherwise indicated.

### Basis of consolidation

The Consolidated financial statements comprise the financial statements of the Group as at March 31, 2023 and March 31, 2022.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.



# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

The Group has following investments in subsidiaries and associate:

Name of Entity	Principal place of business and Country of Incorporation	Investee relationship		Proportion of ownership interest	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Sriam Labs Private Limited	India	Subsidiary	Subsidiary	100 %	100 %
Laurus Synthesis Private Limited	India	Subsidiary	Subsidiary	100 %	100 %
Laurus Holdings Limited	UK	Subsidiary	Subsidiary	100 %	100 %
Laurus Generics Inc.	USA	Step-down subsidiary	Step-down subsidiary	100 %	100 %
Laurus Generics GmbH	Germany	Step-down subsidiary	Step-down subsidiary	100 %	100 %
Laurus Generics SA (Pty) Ltd	South Africa	Subsidiary	Subsidiary	100 %	100 %
Laurus Bio Private Limited	India	Subsidiary	Subsidiary	76.60 %	76.60 %
Laurus Specialty Chemicals Private Limited (Refer note i)	India	Subsidiary	Subsidiary	100 %	-
Immuno Adopative Cell Therapy Private Limited (Refer note ii)	India	Associate	Associate	27.57 %	18.94 %
Ethan Energy India Private Limited (Refer note iii)	India	Associate	-	26.00 %	-

- i) During the year ended March 31, 2023, the Company incorporated wholly owned subsidiary, Laurus Specialty Chemicals Private Limited (LSCPL) in India on December 01, 2022.
- ii) During the year ended March 31, 2022, the Company entered into an investment agreement with Immunoadoptive Cell Therapy Private Limited, ("ImmunoACT") to acquire 26.62% stake, subject to completion of conditions precedent, for agreed consideration of ₹ 46 Crores. As on March 31, 2022, the Company invested ₹ 27.60 Crores representing 996 equity shares of ₹ 10/- each fully paid-up and 3,983 compulsorily convertible preference shares of ₹ 10/- each of which ₹ 5/- paid up, with a stake of 18.94%. During the year ended March 31, 2023, the Company invested ₹ 18.40 Crores representing remaining part payment ₹ 5/- towards 3,983 compulsorily convertible preference shares. As on March 31, 2023, the Company holds 27.57 %
- iii) During the year ended March 31, 2023, the Company entered into an investment agreement with Ethan Energy India Private Limited ("Ethan Energy") to acquire 26 % stake, for agreed consideration of ₹ 3.90 Crores.

**(b) Consolidation procedure:**

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.
- b) Eliminate the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- d) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

- e) When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

### 2.2 Summary of significant accounting policies

#### (a) Business combinations and goodwill

In accordance with Ind-AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 01, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment. Similarly, such first time adoption exemption is also adopted for associate.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and

liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### Investment in associates:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associate are incorporated in these Consolidated Financial Statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105 – Non-current Assets Held for Sale and Discontinued Operations.

### (b) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading

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

The Group classifies all other liabilities as non-current.

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

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

### (c) Foreign currencies

The Group's consolidated financial statements are presented in Indian rupees, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

### Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss except with the exception of exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity, such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into functional currency at the rate of exchange prevailing at the reporting date and their Statements of Profit or Loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the date of transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in Statement of Profit and Loss.

### (d) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available

to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Company's chief financial officer determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

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

### (e) Revenue recognition

Revenue from contracts with customers is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. When a performance obligation is satisfied, the revenue is measured at the transaction price which is consideration received or receivable, net of returns and allowances, trade discounts and volume rebates after taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group derives revenues primarily from manufacture and sale of Active

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Pharma Ingredients (API) including intermediates, Generic Finished dosage forms (FDF) and Contract Research services (together called as "Pharmaceuticals").

The following is summary of significant accounting policies relating to revenue recognition. Further, refer note no. 17 for disaggregate revenues from contracts with customers.

## Sale of products

The Group recognises revenue for supply of goods to customers against orders received. The majority of contracts that Group enters into relate to sales orders containing single performance obligations for the delivery of pharmaceutical products as per Ind AS 115. Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Amount representing the profit share component is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur.

The Group also recognises revenue where goods are ready as per customer request and pending dispatch at the instance of the customer. In such cases, the products are separately identified as belonging to the customer and the Group does not hold the right to redirect the product to another customer. On satisfaction of all performance obligations, invoice is raised on the customer in accordance with customer request at regular payment terms. Provisions for chargeback, rebates and discounts are estimated and provided for in the year of sales and recorded as reduction of revenue.

## Sale of services

Revenue from services rendered, which primarily relate to contract research, is recognised in the statement of profit and loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

## Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

## Interest income

For all debt financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. Interest income is included in finance income in the Statement of Profit and Loss.

## Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

## Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## (f) Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.



# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits (MAT Credit) and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period/ year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### (g) Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment and capital work in progress were carried in the Balance Sheet at cost of acquisition. The Group has elected to regard those values of property, plant and equipment as deemed cost at the date of the acquisition since there is no change in the functional currency as at April 01, 2015 (date of transition to Ind AS) on the date of transition to Ind AS. The Group has also determined that cost of acquisition or construction at deemed cost as at April 01, 2015.

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life. Freehold land is not depreciated.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Factory buildings	: 30 years
Other buildings	: 60 years
Plant and equipment	: 5 to 20 years
Furniture and fixtures	: 10 years
Vehicles	: 4 to 5 years
Computers	: 3 to 6 years

The Group, based on technical assessment and management estimate, depreciates certain items of plant and equipment and vehicles over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

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

### (h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

#### Computer Software

Costs relating to software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of five years.

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

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

### (i) Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Group as a lessee

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### (j) Borrowing costs

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

### (k) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on weighted average basis.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and packing material: Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- Traded goods and spare parts: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Stores and spares are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### (l) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses, including impairment on inventories, are recognised in the Statement of Profit and Loss. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods/ years. Such reversal is recognised in the Statement of Profit and Loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods

## (m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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

## (n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other

than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund by a third party.

The cost of providing benefits under the defined benefit plan is determined based on projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other comprehensive income ("OCI") in the period in which they occur. Remeasurements are not reclassified to Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The Group treats accumulated leaves which are to be settled after 12 months as a long-term employee benefit and accumulated leaves which are to be settled in the next 12 months as a short-term employee benefit for measurement purposes. Such accumulated leaves are provided for based on an actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

The Group presents the entire liability in respect of leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date.

### (o) Share-based payments

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

#### Equity-settled transactions

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

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

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

### (p) Financial instruments

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

Financial assets:

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame

established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Subsequent measurement

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

For purposes of subsequent measurement, Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. FVTPL is a residual category for debt instruments.

In addition, the group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL due to recognition inconsistency.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Further, All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments which are not held for trading, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

## *Derecognition*

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

- a) the rights to receive cash flows from the asset have expired, or
- b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - i. the Group has transferred substantially all the risks and rewards of the asset, or
  - ii. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## **Impairment of financial assets**

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits and bank balances.
- b) Trade receivables that result from transactions that are within the scope of Ind AS 115.

The Group follows 'simplified approach' for recognition of impairment loss. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Group estimates the following provision matrix at the reporting date:

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Receivables past due	% of allowance
> 1 year and < 2 years	25%
> 2 years and < 3 years	50%
> 3 years	100%

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss ('FVTPL'), loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

#### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Group has not designated any financial liability as at fair value through profit and loss.

### Loans and borrowings

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

#### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### Reclassification of financial assets

The group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## (q) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Changes in the fair value of derivative contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognized in the statement of profit and loss. The changes in fair value of such derivative contracts, as well as the foreign exchange gains and losses relating to the monetary items, are recognized in the Statement of Profit and Loss.

## (r) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## (s) Research and development

Revenue expenditure on research and development is charged to the Statement of Profit and Loss in the year in which it is incurred. The Group does not generate any intangible asset internally.

## (t) Measurement of EBITDA

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

Accordingly, the Group has elected to present EBITDA as a separate line item on the face of the Statement of Profit and Loss and does not include depreciation and amortization expense, finance income, finance costs, share of profit/ loss from associate and tax expense in the measurement of EBITDA.

## (u) New standards and interpretations not yet adopted

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

### Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

### Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group has evaluated the amendment and there is no impact on its financial statements.

### Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 3. Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total Property, plant and equipment
<b>Gross carrying value</b>							
<b>As at March 31, 2021</b>	<b>132.10</b>	<b>760.16</b>	<b>1,716.84</b>	<b>46.75</b>	<b>21.36</b>	<b>18.40</b>	<b>2,695.61</b>
Additions	91.71	103.90	424.96	4.26	7.80	8.86	641.49
Disposals	-	-	(0.76)	-	-	(4.98)	(5.74)
Adjustment							
- Exchange difference	-	-	-	-	-	-	-
<b>As at March 31, 2022</b>	<b>223.81</b>	<b>864.06</b>	<b>2,141.04</b>	<b>51.01</b>	<b>29.16</b>	<b>22.28</b>	<b>3,331.36</b>
Additions	0.35	311.67	697.83	36.94	13.58	12.36	1,072.73
Disposals	-	-	(26.86)	(0.26)	(0.01)	(3.60)	(30.73)
Adjustment							
- Exchange difference	-	-	-	0.01	-	-	0.01
<b>As at March 31, 2023</b>	<b>224.16</b>	<b>1,175.73</b>	<b>2,812.01</b>	<b>87.70</b>	<b>42.73</b>	<b>31.04</b>	<b>4,373.37</b>
<b>Depreciation</b>							
<b>As at March 31, 2021</b>	<b>-</b>	<b>132.95</b>	<b>659.01</b>	<b>21.79</b>	<b>14.42</b>	<b>7.60</b>	<b>835.77</b>
Charge for the year	-	34.97	194.90	4.27	3.52	4.99	242.65
Disposals	-	-	(0.47)	(0.01)	-	(3.86)	(4.34)
Adjustment							
- Exchange difference	-	-	-	(0.01)	-	-	(0.01)
<b>As at March 31, 2022</b>	<b>-</b>	<b>167.92</b>	<b>853.44</b>	<b>26.04</b>	<b>17.94</b>	<b>8.73</b>	<b>1,074.07</b>
Charge for the year	-	43.26	249.45	5.70	5.60	7.24	311.25
Disposals	-	-	(24.91)	(0.04)	-	(2.90)	(27.85)
Adjustment							
- Exchange difference	-	-	-	(0.06)	-	-	(0.06)
<b>As at March 31, 2023</b>	<b>-</b>	<b>211.18</b>	<b>1,077.98</b>	<b>31.64</b>	<b>23.54</b>	<b>13.07</b>	<b>1,357.41</b>
<b>Net carrying value</b>							
<b>As at March 31, 2021</b>	<b>132.10</b>	<b>627.21</b>	<b>1,057.83</b>	<b>24.96</b>	<b>6.94</b>	<b>10.80</b>	<b>1,859.84</b>
<b>As at March 31, 2022</b>	<b>223.81</b>	<b>696.14</b>	<b>1,287.60</b>	<b>24.97</b>	<b>11.22</b>	<b>13.55</b>	<b>2,257.29</b>
<b>As at March 31, 2023</b>	<b>224.16</b>	<b>964.55</b>	<b>1,734.03</b>	<b>56.06</b>	<b>19.19</b>	<b>17.97</b>	<b>3,015.96</b>

### Notes:

#### (i) Pledge on Property, plant and equipment - Laurus Labs Limited:

Property, plant and equipment (other than vehicles) with a carrying amount of ₹ 2,997.99 (March 31, 2022: ₹ 2,243.74) are subject to a pari passu first charge on the Company's term loans. Further, the property, plant and equipment (other than vehicles) are subject to a pari passu second charge on the Company's current borrowings and SBI buyer's credit. Also, refer note 13A and 13B.

#### (ii) The Group has not revalued its property, plant and equipment.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### (iii) Capital work-in-progress (CWIP) ageing schedule:

For the year ended March 31, 2023

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	535.48	12.88	2.43	-	550.78
Projects temporarily suspended	-	-	-	-	-

For the year ended March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	719.21	92.43	1.58	-	813.22
Projects temporarily suspended	-	-	-	-	-

(iv) CWIP includes borrowing cost of ₹ 1.62 which is capitalised during the year.

(v) For CWIP, whose completion is overdue or has exceeded its cost compared to its original plan the project wise details of when the project is expected to be completed it given below:

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
MB 9 - Unit IV	118.49	-	-	-	118.49
MB 6 - Unit VI	131.03	-	-	-	131.03
<b>Balance as on March 31, 2023</b>	<b>249.52</b>	-	-	-	<b>249.52</b>
<b>Balance as on March 31, 2022</b>	-	-	-	-	-

### 4. Other intangible assets

Particulars	Goodwill on consolidation	Computer software purchased	Total
<b>Gross carrying value</b>			
<b>As at March 31, 2021</b>	<b>246.30</b>	<b>28.65</b>	<b>274.95</b>
Additions	-	5.84	5.84
<b>As at March 31, 2022</b>	<b>246.30</b>	<b>34.49</b>	<b>280.79</b>
Additions	-	7.23	7.23
<b>As at March 31, 2023</b>	<b>246.30</b>	<b>41.72</b>	<b>288.02</b>
<b>Amortisation</b>			
<b>As at March 31, 2021</b>	-	<b>19.33</b>	<b>19.33</b>
Charge for the year	-	4.33	4.33
<b>As at March 31, 2022</b>	-	<b>23.66</b>	<b>23.66</b>
Charge for the year	-	5.13	5.13
<b>As at March 31, 2023</b>	-	<b>28.79</b>	<b>28.79</b>
<b>Net carrying value</b>			
<b>As at March 31, 2021</b>	<b>246.30</b>	<b>9.32</b>	<b>255.62</b>
<b>As at March 31, 2022</b>	<b>246.30</b>	<b>10.83</b>	<b>257.13</b>
<b>As at March 31, 2023</b>	<b>246.30</b>	<b>12.93</b>	<b>259.23</b>



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## Impairment test of goodwill:

Goodwill is tested for impairment on annual basis and whenever there is an indication that the recoverable amount of cash generating unit is less than its carrying amount based on number of factors including business plan, operating results, future cash flows and economic conditions. The recoverable amount of cash generating units (CGU) is determined based on higher of value in use and fair value less cost to sell.

The Group generally uses discounted cash flow based methods to determine the recoverable amount. These discounted cash flows use five-year projections that are based on financial forecasts. Cash flow projections take into account past experience and management's best estimate about future developments.

Discount rate represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and the risks specific to the asset for which future cash flow estimates have not been adjusted. The discount rate calculation is derived weighted average cost of capital of specific company. Terminal value growth rates take into consideration of external macroeconomic sources of data and industry specific trends.

The following table presents the key assumptions used to determine value in use/fair value less cost to sell for impairment test purpose:

Particulars	March 31, 2023	March 31, 2022
Terminal value growth rate	6%	5%
Pre tax discount rate	14.05%	20%

Based on the above, no impairment was identified as at March 31, 2023 as the recoverable value exceeds the carrying value.

## 5. Financial assets

	March 31, 2023	March 31, 2022
<b>A. Investments</b>		
Equity instruments of associates (net of share of loss)	11.97	9.14
Compulsorily convertible preference shares of associates	34.52	18.26
Others	3.41	3.41
<b>Total</b>	<b>49.90</b>	<b>30.81</b>

(a) Unquoted equity investments	March 31, 2023	March 31, 2022
<b>I. Investments in associates</b>		
- 996 (March 31, 2022: 996) Equity shares of ₹ 10 each fully paid-up of Immunoadoptive Cell Therapy Private Limited (net of share of loss) (Note i)	8.43	9.14
- 740,000 (March 31, 2022: Nil) Equity shares of ₹ 10 each fully paid-up of Ethan Energy India Private Limited (net of share of loss) (Note ii)	3.54	-
<b>Total</b>	<b>11.97</b>	<b>9.14</b>
<b>II. Investments in others (valued at fair value through profit and loss)</b>		
- 3,405,000 (March 31, 2022: 3,405,000) Equity shares of ₹ 10/- each of Atchutapuram Effluent Treatment Limited.	3.41	3.41
<b>Total</b>	<b>3.41</b>	<b>3.41</b>

(b) Unquoted Investment in Compulsorily convertible preference shares - carried at cost	March 31, 2023	March 31, 2022
- 3,983 compulsorily Convertible preference shares of ₹ 10 each fully paid of Immunoadoptive Cell Therapy Private Limited (March 31, 2022: 3,983 of ₹ 10 each of which ₹ 5 paid up) (Note ii)	34.52	18.26
<b>Total</b>	<b>34.52</b>	<b>18.26</b>

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### Notes:

- i) During the year ended March 31, 2022, the Company entered into an investment agreement with Immunoadoptive Cell Therapy Private Limited, ("ImmunoACT") to acquire 26.62% stake, subject to completion of conditions precedent, for agreed consideration of ₹ 46 Crores. As on March 31, 2022, the Company invested ₹ 27.60 Crores representing 996 equity shares of ₹ 10/- each fully paid-up and 3,983 compulsorily convertible preference shares of ₹ 10/- each of which ₹ 5/- paid up, with a stake of 18.94%. During the year ended March 31, 2023, the Company invested ₹ 18.40 Crores representing remaining part payment ₹ 5/- towards 3,983 compulsorily convertible preference shares. As on March 31, 2023, the Company holds 27.57%
- ii) During the year ended March 31, 2023, the Company entered into an investment agreement with Ethan Energy India Private Limited ("Ethan Energy") to acquire 26% stake, for agreed consideration of ₹ 3.90 Crores.
- iii) The Group has complied with number of layers prescribed under clause 87 of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

### B. Loans

Particulars	March 31, 2023	March 31, 2022
<b>Current (unsecured, considered good unless stated otherwise)</b>		
Other loans		
- Loans to employees	0.97	0.64
<b>Total</b>	<b>0.97</b>	<b>0.64</b>

### C. Other financial assets

Particulars	March 31, 2023	March 31, 2022
<b>Non-current (unsecured, considered good unless stated otherwise)</b>		
Security deposits	32.80	28.30
Other balances with banks	0.10	11.46
Export and other incentives receivable (net) *	16.51	20.51
<b>Total</b>	<b>49.41</b>	<b>60.27</b>
<b>Current (unsecured, considered good unless stated otherwise)</b>		
Export and other incentives receivable (net) *	14.73	0.14
Insurance claim receivable	0.60	-
Derivative foreign currency forward contracts	0.98	1.81
<b>Total</b>	<b>16.31</b>	<b>1.95</b>

\* Export and other incentives have been recognized on the following:

- a) Incentive in the form of duty credit scrip upon sale of exports under Merchandise Exports from India Scheme under Foreign Trade Policy of India 2015-20.
- b) Existing Foreign Trade Policy 2015-20, has been extended till September 30, 2022 vide notification no.64/2015-2020 dated 31.03.2022 & Public Notice No.53/2015-2020 dated 31.03.2022
- c) Sales tax incentive and reimbursement of power cost under the Andhra Pradesh state incentives IIPP 2015-20 scheme. Incentives are eligible for five years from the date of commencement of production. There are no unfulfilled conditions or contingencies attached to these incentives.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 6. Deferred tax assets/(liability) (Net)

Particulars	March 31, 2023	March 31, 2022
<b>Deferred tax liability relating to</b>		
Accelerated depreciation for tax purposes	(129.59)	(156.46)
	<b>(129.59)</b>	<b>(156.46)</b>
<b>Deferred tax asset relating to</b>		
MAT credit entitlement	0.87	34.56
Expenses allowable on payment basis	25.33	30.52
Other items giving rise to temporary differences	20.94	22.27
	<b>47.14</b>	<b>87.35</b>
<b>Deferred tax assets/(liability) (net)</b>	<b>(82.45)</b>	<b>(69.11)</b>

### Deferred tax assets/(liabilities):

#### For the year ended March 31, 2023:

Particulars	Opening balance	Recognised/ Utilised during the year	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(156.46)	26.87	-	(129.59)
MAT credit entitlement/(utilisation)	34.56	(33.69)	-	0.87
Unused tax losses/depreciation	-	-	-	-
Expenses allowable on payment basis	30.52	(5.19)	-	25.33
Other items giving rise to temporary differences	22.27	(1.16)	(0.17)	20.94
	<b>(69.11)</b>	<b>(13.17)</b>	<b>(0.17)</b>	<b>(82.45)</b>

#### For the year ended March 31, 2022:

Particulars	Opening balance	Recognised/ Utilised during the year	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(126.80)	(29.66)	-	(156.46)
Deferred revenue on embedded leases	(17.18)	17.18	-	-
MAT credit entitlement/(utilisation)	85.28	(50.72)	-	34.56
Expenses allowable on payment basis	15.06	15.46	-	30.52
Other items giving rise to temporary differences	24.46	(1.71)	(0.48)	22.27
	<b>(19.18)</b>	<b>(49.45)</b>	<b>(0.48)</b>	<b>(69.11)</b>

The Group has accounted for deferred tax liabilities (net) of ₹ 82.45 (March 31, 2022: ₹ 69.11) based on approval of business plan by the board, agreements entered with customers, orders on hand, fresh infusion of funds, successful patent filings and a portfolio of drugs.

There are no unrecognised deferred tax assets and liabilities as at March 31, 2023 and March 31, 2022.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 7. Other assets

Particulars	March 31, 2023	March 31, 2022
<b>A) Non-current (unsecured, considered good unless otherwise stated)</b>		
Capital advances	103.99	45.69
Advances recoverable in cash or kind	0.04	-
Prepayments	12.23	10.85
Balances with statutory/Government authorities	2.00	2.00
Taxes paid under protest	1.35	1.35
	119.61	59.89
Less: Allowance for doubtful advances	(0.04)	-
<b>Total</b>	<b>119.57</b>	<b>59.89</b>
<b>B) Current (unsecured, considered good unless otherwise stated)</b>		
Advances recoverable in cash or kind	37.90	38.94
Prepayments	20.45	16.64
Balances with statutory/Government authorities	70.03	94.90
Others	2.31	1.12
<b>Total</b>	<b>130.69</b>	<b>151.60</b>

## 8. Inventories

Particulars	March 31, 2023	March 31, 2022
<b>(At lower of cost and net realisable value)</b>		
Raw materials [including port stock and stock-in-transit ₹ 83.87 (March 31, 2022 : ₹ 113.57)]	557.90	617.73
Work-in-progress	562.08	600.36
Finished goods	499.80	481.90
Stores, spares and packing materials	65.03	60.31
<b>Total</b>	<b>1,684.81</b>	<b>1,760.30</b>

## 9. Trade receivables

Particulars	March 31, 2023	March 31, 2022
<b>Unsecured</b>		
Considered good	1,580.44	1,354.18
Credit impaired	1.36	0.30
	<b>1,581.80</b>	<b>1,354.48</b>
Less: Allowance for doubtful debts	(1.36)	(0.30)
<b>Total</b>	<b>1,580.44</b>	<b>1,354.18</b>

- No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade receivables are non-interest bearing and are generally on terms of 30 - 120 days.
- Of the trade receivables balance, ₹ 487.71 in aggregate (as at March 31, 2022 ₹ 481.99) is due from the Company's customers individually representing more than 5% of the total trade receivables balance.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

- d) The Group has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking estimates. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates used in the provision matrix.

Movement in the expected credit loss allowance	March 31, 2023	March 31, 2022
Balance at the beginning of the year	0.30	0.35
Movement in expected credit loss allowance on trade receivables	1.06	(0.05)
<b>Balance at the end of the year</b>	<b>1.36</b>	<b>0.30</b>

## Trade Receivables ageing schedule for the year ended March 31, 2023:

Particulars	Not Due	Outstanding from due date of payment					Total
		Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
i) Undisputed Trade receivables - considered good	1,115.48	385.28	77.53	2.15	-	-	1,580.44
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
iii) Undisputed Trade receivables - credit impaired	-	-	-	1.36	-	-	1.36
iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>1,115.48</b>	<b>385.28</b>	<b>77.53</b>	<b>3.51</b>	<b>-</b>	<b>-</b>	<b>1,581.80</b>

## Trade Receivables ageing schedule for the year ended March 31, 2022

Particulars	Not Due	Outstanding from due date of payment					Total
		Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
i) Undisputed Trade receivables - considered good	1,033.18	313.72	6.57	0.71	-	-	1,354.18
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
iii) Undisputed Trade receivables - credit impaired	-	-	-	0.30	-	-	0.30
iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>1,033.18</b>	<b>313.72</b>	<b>6.57</b>	<b>1.01</b>	<b>-</b>	<b>-</b>	<b>1,354.48</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 10. Cash and cash equivalents and other bank balances

Particulars	March 31, 2023	March 31, 2022
<b>A) Cash and cash equivalents</b>		
Balances with banks		
- On current accounts	19.25	53.79
- Deposits with original maturity of less than three months	26.33	21.42
Cash on hand	0.09	0.14
<b>Total</b>	<b>45.67</b>	<b>75.35</b>
<b>B) Other balances with banks</b>		
On deposit accounts		
- Remaining maturity for more than twelve months	0.01	0.03
- Remaining maturity for less than twelve months	2.51	0.36
- Unclaimed dividend accounts	0.28	0.23
<b>Total</b>	<b>2.80</b>	<b>0.62</b>
Less Amount disclosed under other assets	(0.01)	(0.03)
<b>Total</b>	<b>2.79</b>	<b>0.59</b>

Deposits with a carrying amount of ₹ 2.51 (March 31, 2022: ₹ 0.36) are towards margin money given for letter of credit and bank guarantees.

## 11. Equity share capital

Particulars	March 31, 2023	March 31, 2022
<b>Authorised</b>		
555,000,000 (March 31, 2022: 555,000,000) Equity shares of ₹ 2/- each	111.00	111.00
<b>Total</b>	<b>111.00</b>	<b>111.00</b>
<b>Issued, Subscribed and Paid Up</b>		
538,650,925 (March 31, 2022: 537,359,335) Equity shares of ₹ 2/- each	107.73	107.47
<b>Total</b>	<b>107.73</b>	<b>107.47</b>

### 11.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	For the year ended March 31, 2023		For the year ended March 31, 2022	
	No.	₹	No.	₹
<b>Equity Shares of ₹ 2/- each, fully paid up</b>				
Balance as per last financial statements (₹ 2/- each)	537,359,335	107.47	536,602,385	107.32
Issued during the year - ESOP (₹ 2/-each)	1,291,590	0.26	756,950	0.15
<b>Outstanding at the end of the year</b>	<b>538,650,925</b>	<b>107.73</b>	<b>537,359,335</b>	<b>107.47</b>

### 11.2. Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company. For liquidation terms refer note 11.2a.

The Company declares and pays dividends in Indian rupees. The final dividend, if any, proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2023, the amount of dividend (first interim dividend ₹ 0.80 and second interim dividend ₹ 1.20) per share declared as distribution to equity shareholders was ₹ 2.00 (March 31, 2022: first interim dividend ₹ 0.80 and second interim dividend ₹ 1.20 per share declared as distribution to equity shareholders was ₹ 2.00).



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 11.2a. Liquidation terms and preferential rights

The liquidation terms of the equity shares are as follows:

- If the company shall be wound up, the Liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act divide amongst the shareholders, in specie or kind the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

## 11.3 Details of Shareholders holding more than 5 % shares of the Group:

Particulars	March 31, 2023		March 31, 2022	
	% Holding	No.	% Holding	No.
Equity shares of ₹ 2/- each held by				
M/s. NSN Holdings represented by Dr. Satyanarayana Chava	23.04%	124,126,740	23.10%	124,126,740
New World Fund Inc	5.29%	28,511,600	4.75%	25,526,500

## 11.4 Details of shares held by the promoters of the Company:

Equity Shares held by promoters as at March 31, 2023 and March 31, 2022

Promoter Name	March 31, 2023			March 31, 2022		
	No of shares	% of total shares	% Change during the year	No of shares	% of total shares	% Change during the year
M/s. NSN Holdings (represented by Dr. Satyanarayana Chava)*	124,126,740	23.04%	-	124,126,740	23.10%	100.00%
Dr. C.V. Lakshmana Rao	13,450,145	2.50%	-	13,450,145	2.50%	-2.89%
M/s. Leven Holdings (represented by Mr. V.V. Ravi Kumar)^	6,705,000	1.24%	100.00%	-	0.00%	-
Mr. V. V. Ravi Kumar ^	1,000,000	0.19%	-87.02%	7,705,000	1.43%	-4.94%
Mr. Narasimha Rao Chava	119,675	0.02%	-	119,675	0.02%	-
Mr. Chandrakanth Chereddi	42,000	0.01%	-	42,000	0.01%	-
Mrs. V. Krishnaveni	201,397	0.04%	-	201,397	0.04%	-
Mr. C. Sekhar Babu	100,000	0.02%	-	100,000	0.02%	-
Mrs. V. Hymavathi	225,000	0.04%	-	225,000	0.04%	-
Mrs. Soumya Chava	10,440	0.00%	-	10,440	0.00%	-
Mr. Krishna Chaitanya Chava	20,699	0.00%	-	20,699	0.00%	-
Mrs. T. Nagamani	100,000	0.02%	-	100,000	0.02%	-
Mrs. K. Kamala	100,000	0.02%	-	100,000	0.02%	-
Mr. S. Narasimha Rao	147,500	0.03%	-	147,500	0.03%	-
Mrs. S. Rama	170,000	0.03%	-	170,000	0.03%	-

\* Dr. Satyanarayana Chava and Mrs. Nagarani Chava, Promoters of the Company have consolidated their entire shareholding by way of inter-se transfer to Partnership Firm M/s. NSN Holdings on November 15, 2021.

^ Mr. V.V. Ravi Kumar, Promoter of the Company had transferred 67,05,000 shares to partnership firm M/s. Leven Holdings on November 02, 2022.

## 11.5. Details of shares reserved for issue under options

For details of shares reserved for issue under Employee Stock Options Scheme plan of the Group, refer note no. 29.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### 11.6. Other equity

Particulars	March 31, 2023	March 31, 2022
Capital reserve	1.79	1.79
Securities premium	713.06	701.32
Employee Stock option reserve	12.08	9.17
Retained earnings	3,302.01	2,624.95
Gross obligation liability to acquire non-controlling interest	(83.20)	(83.20)
Other comprehensive income	(8.13)	(8.71)
Foreign currency translation reserve	(7.81)	(1.60)
<b>Total</b>	<b>3,929.80</b>	<b>3,243.72</b>

#### Nature and purpose of reserves

##### Securities premium:

Securities premium is used to record the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

##### Capital reserve:

Represents capital reserve balances of acquired entities which are transferred to the Company upon merger.

##### Securities premium:

Securities premium is used to record the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

##### Employee Stock option reserve:

The fair value of the equity-settled share based payment transactions with employees is recognised in statement of profit and loss with corresponding credit to Employee Stock

option reserve. This will be utilised for allotment of equity shares against outstanding employee stock options.

##### Retained earnings:

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to share holders.

##### Gross obligation liability to acquire non-controlling interest:

Gross obligation liability to acquire non-controlling interest Represents the put option held by non-controlling interests recognised at present value of redemption amount.

##### Foreign currency translation reserve:

Exchange difference relating to the translation of the Group's foreign operations from their functional currencies to the Company's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

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### 12. Dividends paid and proposed

	2022-23		2021-22	
	Dividend per equity share	Amount	Dividend per equity share	Amount
<b>Cash dividends on equity shares declared and paid:</b>				
First interim dividend for the financial year 2022-23 (face value of ₹ 2/- each)	0.80	42.99	-	-
Third interim dividend for the financial year 2020-21 (face value of ₹ 2/- each)	-	-	0.80	42.93
First interim dividend for the financial year 2021-22 (face value of ₹ 2/- each)	-	-	0.80	42.93
Second interim dividend for the financial year 2021-22 (face value of ₹ 2/- each)	1.20	64.48	-	-
		<b>107.47</b>		<b>85.86</b>
<b>Proposed dividends on equity shares:</b>				
Second interim dividend for the financial year 2021-22 (face value of ₹ 2/- each)	-	-	1.20	64.48
Second interim dividend for the financial year 2022-23* (face value of ₹ 2/- each)	1.20	64.64	-	-
		<b>64.64</b>		<b>64.48</b>

\*The Board of Directors of the Company in their meeting held on April 27, 2023 have approved for payment of second interim dividend and the Company has fixed May 10, 2023 as "Record Date" for determining the eligibility of the Shareholders. Accordingly, the Company has not recognised the said proposed dividend as a liability as at March 31, 2023.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 13. Financial liabilities

Particulars	March 31, 2023	March 31, 2022
<b>A) Non-current borrowings</b>		
<b>Term loans</b>		
Indian rupee loans from banks (Secured)	537.81	282.71
Foreign currency loans from banks (Secured)	223.61	313.63
<b>Total</b>	<b>761.42</b>	<b>596.34</b>
<b>Current maturities of non-current borrowings</b>		
<b>Term loans</b>		
Indian rupee loans from banks (Secured)	109.25	111.08
Foreign currency loans from banks (Secured)	105.53	113.89
	<b>214.78</b>	<b>224.97</b>
Less: Amount disclosed under the head "current borrowings"	(214.78)	(224.97)
<b>Total</b>	<b>-</b>	<b>-</b>
<b>B) Current borrowings</b>		
<b>Cash credits and working capital demand loans</b>		
Indian rupee loans from banks (Secured)	375.09	244.46
Indian rupee loans from banks (Un Secured)	487.11	319.75
Foreign currency loans from banks (Secured)	39.03	290.86
Buyer's credit from banks (Secured)	34.34	16.70
Buyers credit from banks (Unsecured)	60.20	38.95
Current maturities of non-current borrowings	214.78	224.97
<b>Total</b>	<b>1,210.55</b>	<b>1,135.69</b>

### Terms and conditions of borrowings - Laurus Labs Limited:

(a) The details of Indian rupee term loans from banks are as under:

Name of the Bank	Outstanding as on March 31, 2023	Outstanding as on March 31, 2022	Sanction Amount	No. of Instalments	Commencement of instalments	Effective interest rate
HDFC Bank (HDFC)	-	6.67	100.00	15 quarterly instalments of ₹ 6.67	November 2018	At MCLR (March 31, 2022: At MCLR)
The Hongkong & Shanghai Banking Corporation (HSBC)	65.63	121.87	150.00	16 quarterly instalments of ₹ 9.375	July 2021	T Bill + 0.29 % (March 31, 2022 : T Bill + 0.29 %)
CITI Bank (CITI)	11.67	18.33	40.00	24 quarterly instalments of ₹ 1.67	January 2019	T Bill + 0.28 % (March 31, 2022 : T Bill + 0.28 %)
HDFC Bank (HDFC)	140.00	180.00	200.00	20 quarterly instalments of ₹ 10	December 2021	3M Repo + 1.25 % p.a (March 31, 2022 : 3M Repo + 1.25 % p.a)
Axis Bank (Axis)	200.00	-	200.00	20 quarterly instalments ranging from ₹ 2.50 to ₹ 11.875	May 2023	Repo +1.50 p.a

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

(b) Foreign Currency loans from banks comprise of Foreign Currency Non Resident Term Loan (FCNR TL) and ECB loan:

Name of the Bank & Nature of Loan	Outstanding as on March 31, 2023	Outstanding as on March 31, 2022	Sanction Amount	No. of Instalments	Commencement of instalments	Effective interest rate
State Bank of India (SBI) - FCNR TL	66.86	90.05	US\$ 13.80 Mn	18 quarterly instalments of ₹ 5.55	December 2021	SOFR plus 1.25% p.a. (March 31, 2022 : SOFR plus 1.50% p.a.)
State Bank of India (SBI) - FCNR TL #	68.36	89.06	US\$ 13.25 Mn	18 quarterly instalments of ₹ 5.55	December 2021	SOFR plus 1.50% p.a. (March 31, 2022 : LIBOR plus 1.60% p.a.)
The Hongkong & Shanghai Banking Corporation (HSBC), Singapore	12.84	59.06	US\$ 25 Mn	16 quarterly instalments of ₹ 12.84	July 2019	LIBOR plus 0.76% p.a. (March 31, 2022 : LIBOR plus 0.76% p.a.)
State Bank of India (SBI) - New York	181.08	189.35	US\$ 25 Mn	17 quarterly instalments of ₹ 12.07	November 2022	LIBOR plus 0.97% p.a. (March 31, 2022 : LIBOR plus 0.97% p.a.)

# During year ended March 31, 2022, Indian Rupee term loan availed from SBI has been converted to FCNR TL.

- (c) All term loans are secured by pari passu first charge on the property, plant and equipment (both present and future) except to the extent of assets exclusively charged to banks. They are further secured by pari passu second charge on current assets (both present and future).
- (d) Current borrowings are availed in both Rupee and Foreign currencies. Interest on rupee loans ranges from MCLR plus 0% to 0.10% (March 31, 2022: MCLR plus 0% to 0.50%). Buyers credit loan interest ranges from SOFR plus 0.15% to SOFR plus 0.67% (March 31, 2022: LIBOR plus 0.08% to SOFR plus 0.55%). The secured current borrowings are backed by pari passu first charge on current assets and pari passu second charge on the fixed assets (both present and future). [March 31, 2022: The secured current borrowings are backed by pari passu first charge on current assets and pari passu second charge on the fixed assets (both present and future)].
- (e) The Group has used the borrowings for the purposes for which it was taken.
- (f) The quarterly returns of current assets filed by the Group with banks are in agreement with the books of account.

### Terms and conditions of borrowings - Laurus Synthesis Private Limited.

- (g) The company has outstanding Indian rupee term loans of ₹ 177.52 (March 31, 2022: 41.92) carrying

interest rates ranging from repo plus 1.25% to repo plus 2.5% (March 31, 2022: repo plus 2.5%). Term Loans are secured by pari passu first charge on fixed assets of the company (both present & future), pari passu second charge on current assets and are also backed by corporate guarantees issued by Laurus Labs Limited (March 31, 2022: Term Loan is secured by exclusive charge on fixed assets of the company (both present & future) and is also backed by corporate guarantee issued by laurus Labs Limited)

- (h) Current borrowings are availed in Rupee. Interest on rupee loans range from MCLR plus 0.15% to MCLR plus 0.20%. These borrowings are secured by pari passu first charge on current assets, pari passu second charge on fixed assets of the company and are also backed by corporate guarantee from Laurus Labs Limited (March 31, 2022: Current borrowings are secured by exclusive charge on the current assets of the company and also backed by corporate guarantee from laurus Labs Limited)

### Terms and conditions of borrowings - Laurus Bio Private Limited:

- (i) The company has outstanding Indian rupee term loans of ₹ 52.25 (March 31, 2022: 25) carrying interest rates ranging from to repo plus 1.25% to repo plus 2.5% (March 31, 2022: repo plus 2.5%). Term Loans are secured by first exclusive charge on fixed assets and second exclusive charge on current assets of the company (both present & future) and are also backed

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

by corporate guarantee issued by Laurus Labs Limited (March 31, 2022: Term Loan is secured by exclusive charge on fixed assets and current assets of the company (both present & future) and is also backed by corporate guarantee issued by Laurus Labs Limited)

- (j) Current borrowings are availed in Rupee. Interest on rupee loans range from MCLR plus 0.15% to MCLR plus 0.20%. These borrowings are secured by first exclusive charge on current assets and second exclusive charge on fixed assets of the company (both present & future) and are also backed by corporate guarantee issued by Laurus Labs Limited (March 31, 2022: Current borrowings are secured by exclusive charge on the current assets of the company and also backed by corporate guarantee from Laurus Labs Limited)

## C) Trade payables

Particulars	March 31, 2023	March 31, 2022
<b>Valued at amortised cost</b>		
- Total outstanding dues to creditors other than micro enterprises and small enterprises	671.06	787.00
- Outstanding dues to related parties	1.25	10.89
<b>Total</b>	<b>672.31</b>	<b>797.89</b>
- Total outstanding dues to micro enterprises and small enterprises (refer note no. 30)	38.34	78.48
<b>Total</b>	<b>38.34</b>	<b>78.48</b>

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-120 day terms.

For explanations on the Group's credit risk management processes, refer to note 37.

### Trade Payables ageing schedule for the year ended March 31, 2023

Particulars	Unbilled	Not due	Outstanding from due date of payment				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	
i) Total outstanding dues to micro enterprises and small enterprises	-	38.34	-	-	-	-	38.34
ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	127.65	274.91	263.27	2.70	0.05	3.74	672.31
iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>127.65</b>	<b>313.25</b>	<b>263.27</b>	<b>2.70</b>	<b>0.05</b>	<b>3.74</b>	<b>710.65</b>

### Trade Payables ageing schedule for the year ended March 31, 2022

Particulars	Unbilled	Not due	Outstanding from due date of payment				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	
i) Total outstanding dues to micro enterprises and small enterprises	-	78.48	-	-	-	-	78.48
ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	132.42	488.07	171.95	-	-	5.46	797.89
iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>132.42</b>	<b>566.55</b>	<b>171.95</b>	<b>-</b>	<b>-</b>	<b>5.46</b>	<b>876.37</b>

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### D) Other financial liabilities

Particulars	March 31, 2023	March 31, 2022
<b>Valued at amortised cost</b>		
Capital creditors	183.71	297.15
Interest accrued *	8.62	3.55
<b>Total</b>	<b>192.33</b>	<b>300.70</b>

\* Interest accrued but not due is normally settled monthly/quarterly throughout the financial year.

### E) Other financial liabilities

Particulars	March 31, 2023	March 31, 2022
Gross obligation liability to acquire Non-controlling interest	91.20	83.20
<b>Total</b>	<b>91.20</b>	<b>83.20</b>

\* During the year ended March 31, 2021, the Company acquired 72.55% stake in Laurus Bio Private Limited (“Laurus Bio”) (Formerly known as Richcore Lifesciences Private Limited) on January 20, 2021. Laurus bio became the subsidiary w.e.f. January 20, 2021. The Company further acquired 6.66% stake on February 10, 2021 from promoters of Laurus bio. As at March 31, 2023 the Company holds 76.60% (March 31, 2022: 76.60%) stake in Laurus Bio Private Limited. According to conditions stipulated in the Investment Agreement, the selling shareholders (Promoters) have “put option” over 23.40% shareholding at any time between January 20, 2024 and January 20, 2026 for a consideration equal to their proportion of the equity value of Laurus Bio. This option has been recognised as a financial liability at the fair value of the redemption amount with a corresponding adjustment to other equity.

## 14. Other non-current and current liabilities

Particulars	March 31, 2023	March 31, 2022
<b>A) Non-current</b>		
Advances from customers	125.50	67.03
	<b>125.50</b>	<b>67.03</b>
<b>B) Current</b>		
Advances from customers	148.21	244.31
Unclaimed dividend	0.28	0.23
Charge back reserves and rebates*	63.00	47.89
Statutory dues	16.47	16.63
<b>Total</b>	<b>227.96</b>	<b>309.06</b>
<b>*Details of charge back reserves and rebates</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Opening Balance	47.89	30.13
Provisions relating to sales during the year	317.06	103.57
Credits/payments during the year	(301.95)	(85.81)
<b>Closing Balance</b>	<b>63.00</b>	<b>47.89</b>



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 15. Provisions

Particulars	March 31, 2023	March 31, 2022
<b>A) Non-current provisions</b>		
Provision for gratuity (Refer note no. 28)	51.08	45.24
Provision for compensated absences	30.39	27.43
<b>Total</b>	<b>81.47</b>	<b>72.67</b>
<b>B) Current provisions</b>		
Provision for gratuity (Refer note no. 28)	7.95	6.42
Provision for compensated absences	12.14	10.07
<b>Total</b>	<b>20.09</b>	<b>16.49</b>

## 16. Income tax assets/liabilities

Particulars	March 31, 2023	March 31, 2022
<b>A) Income tax assets</b>		
Advance tax (net)	20.44	6.06
Tax paid under protest	-	0.71
	<b>20.44</b>	<b>6.77</b>
<b>B) Income tax liabilities</b>		
Provision for taxes (net)	65.00	37.70
	<b>65.00</b>	<b>37.70</b>

## 17. Revenue from operations

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Sale of products</b>			
Income from sale of API, Intermediates and Formulations		5,644.83	4,460.15
Income from sale of traded goods		162.89	186.06
	<b>(A)</b>	<b>5,807.72</b>	<b>4,646.21</b>
<b>Sale of services</b>			
Contract research services		206.50	242.33
	<b>(B)</b>	<b>206.50</b>	<b>242.33</b>
<b>Other operating revenue</b>			
Sale of scrap		11.80	7.62
Export and other incentives *		0.23	0.41
Others		14.30	39.00
	<b>(C)</b>	<b>26.33</b>	<b>47.03</b>
<b>Revenue from operations</b>	<b>(A+B+C)</b>	<b>6,040.55</b>	<b>4,935.57</b>

\* Export and other incentives have been recognized on the following:

- Incentive in the form of duty credit scrip upon sale of exports under Merchandise Exports from India Scheme under Foreign Trade Policy of India 2015-20.
- Existing Foreign Trade Policy 2015-20, has been extended till September 30, 2022 vide notification no.64/2015-2020 dated 31.03.2022 & Public Notice No.53/2015-2020 dated 31.03.2022

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>(i) Reconciliation of revenue from sale of products with the contracted price:</b>		
Revenue as per contracted price, net of returns	5,907.9	4,554.7
<b>Adjusted for:</b>		
Chargebacks, rebates and discounts	(317.06)	(103.57)
Profit sharing adjustments	54.03	9.06
<b>Total revenue from contracts with customers</b>	<b>5,644.83</b>	<b>4,460.15</b>
<b>(ii) Disaggregated revenue information:</b>	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
Below is the disaggregation of the Company's revenue from contracts with customers.		
Revenue from operations - Domestic	1,673.82	1,378.91
Revenue from operations - Exports	4,366.73	3,556.66
<b>Total</b>	<b>6,040.55</b>	<b>4,935.57</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point of time	5,834.05	4,693.24
Services transferred over time	206.50	242.33
<b>Total</b>	<b>6,040.55</b>	<b>4,935.57</b>
<b>(iii) Details of contract balances</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Trade receivables (Refer note no. 9)	1,580.44	1,354.18
Advance from customers (Refer note no. 14)	273.71	311.34
<b>(iv) The amount of revenue recognised from advances from customers at the beginning of the year ₹ 186.93 (March 31, 2022 : ₹ 50.39 )</b>		
<b>(v) Revenue from customers contributing more than 10% of total revenue amounts to ₹ 1,432.09 (March 31, 2022 : 1,327.69)</b>		

### 18. Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net gain on foreign exchange fluctuations	-	10.45
Bad debts recovered	0.40	1.77
Provision no longer required written back	1.04	0.49
Lease rental income	-	0.65
Miscellaneous income	-	0.22
<b>Total</b>	<b>1.44</b>	<b>13.58</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 19. Cost of materials consumed

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Raw materials consumed</b>			
Opening stock at the beginning of the year		607.01	646.22
Add : Purchases		2,494.72	2,170.04
		<b>3,101.73</b>	<b>2,816.26</b>
Less : Closing stock at the end of the year		549.81	607.01
	(A)	<b>2,551.92</b>	<b>2,209.25</b>
Packing materials consumed	(B)	44.65	59.88
<b>Total</b>	<b>(A+B)</b>	<b>2,596.57</b>	<b>2,269.13</b>

## 20. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Opening stock of inventories</b>			
Finished goods of API, Intermediates and Formulations		496.07	427.58
Work-in-progress of API, Intermediates and Formulations		600.36	447.68
		<b>1,096.43</b>	<b>875.26</b>
<b>Closing stock of inventories</b>			
Finished goods of API, Intermediates and Formulations		512.31	496.07
Work-in-progress of API, Intermediates and Formulations		562.08	600.36
		<b>1,074.39</b>	<b>1,096.43</b>
<b>(Increase)/Decrease in inventories of finished goods and work-in-progress</b>		<b>22.04</b>	<b>(221.17)</b>
(Increase)/Decrease in finished goods of API, Intermediates and Formulations		(16.24)	(68.49)
(Increase)/Decrease in Work-in-Progress of API, Intermediates and Formulations		38.28	(152.68)
<b>(Increase)/Decrease in inventories of finished goods and work-in-progress</b>		<b>22.04</b>	<b>(221.17)</b>

## 21. Employee benefits expenses

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, allowances and wages		444.51	369.87
Contribution to provident fund and other funds		25.76	22.34
Gratuity expense (Refer note no. 28)		12.26	10.64
Share based payment expense (Refer note no. 29)		7.48	6.64
Managerial remuneration		23.21	31.98
Recruitment and training		1.40	0.78
Staff welfare expenses		66.02	59.28
<b>Total</b>		<b>580.64</b>	<b>501.53</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 22. Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Consumption of stores and spares	66.39	54.55
Conversion charges	39.04	45.10
Factory maintenance	187.02	146.35
Effluent treatment expenses	73.30	49.58
Power and fuel	324.10	204.47
Repairs and maintenance		
Plant and machinery	71.72	44.97
Buildings	10.58	6.63
Others	3.16	3.45
Product development	25.59	29.47
Testing and analysis charges	1.45	1.20
Rent	2.30	2.31
Rates and taxes	35.24	33.29
Office maintenance	3.32	2.98
Insurance	28.07	24.27
Printing and stationery	3.74	2.64
Consultancy and other professional charges	30.69	33.71
Membership and subscription	9.07	7.85
Auditors' remuneration	1.65	1.27
Travelling and conveyance	10.45	3.64
Communication expenses	3.41	2.55
Loss on sale of property, plant and equipment (net)	0.21	1.21
Allowance for bad and doubtful advance and debts	1.65	-
Net Loss on foreign exchange fluctuations	24.92	-
Carriage outwards	44.51	38.01
Commission on sales	32.55	51.21
Other selling expenses	22.48	12.27
Business promotion and advertisement	16.60	0.49
CSR expenditure (Refer note no. 26)	18.59	11.67
Donations	0.88	2.58
Miscellaneous expenses	0.73	0.13
<b>Total</b>	<b>1,093.40</b>	<b>817.84</b>

## 23A. Finance Income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Income on		
Deposits and margin money held	1.68	0.77
Electricity deposits and others	2.88	0.95
<b>Total</b>	<b>4.56</b>	<b>1.72</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 23B. Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest		
- on term loans *	38.84	27.28
- on working capital loans	68.91	42.07
- on others	15.14	6.41
	<b>122.89</b>	<b>75.76</b>
Bank charges	19.70	16.20
Exchange differences to the extent considered as an adjustment to finance costs	22.58	10.43
<b>Total</b>	<b>165.17</b>	<b>102.39</b>

\* Borrowing cost of ₹ 1.62 has been capitalised and transferred to CWIP. Capitalisation rate considered is 7.25 % p.a.

## 24. Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Retained earnings:</b>		
Remeasurement gains/(losses) on defined benefit plans	0.75	1.39
Deferred tax on remeasurement of defined benefit plans	(0.17)	(0.48)
Exchange differences on translating the financial statements of foreign operations	(6.21)	0.12
<b>Total other comprehensive income for the year, net of tax</b>	<b>(5.63)</b>	<b>1.03</b>

## 25. Earnings per share (EPS)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit available for equity shareholders	790.11	827.52
Weighted average number of equity shares in computing basic EPS	537,730,888	536,813,916
Add: Effect of dilution		
Stock options granted under ESOP	1,869,599	2,355,941
Weighted average number of equity shares in computing diluted earnings per share	539,600,487	539,169,857
Face value of each equity share (₹)	2.00	2.00
Earnings per share		
- Basic (₹)	14.69	15.42
- Diluted (₹)	14.64	15.35

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 26. Details of CSR expenditure

As per the requirement of the Companies Act, 2013, gross amount required to be spent by the Group during the year is ₹ 17.72 (March 31, 2022 : ₹ 11.34). The nature of CSR activities undertaken by the company includes promoting education, health care and environmental sustainability. The details of CSR expenditure is given below.

CSR Activities	For the year ended March 31, 2023		
	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
	(-)	(-)	(-)
(ii) On purposes other than (i) above	18.59	-	18.59
	(11.67)	(-)	(11.67)

Amounts in bracket indicate previous year numbers. There is no shortfall at the end of March 31, 2023 and March 31, 2022 in terms of amount required to be spent by the company.

The above includes contribution made to Laurus Charitable Trust amounting to ₹ 10.48 (March 31, 2022: ₹ 1.43) (Refer note no .32)

## 27. Taxes

### (a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2023 and for the year ended March 31, 2022 are:

#### (i) Statement of Profit and Loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax	289.83	254.22
Deferred tax credit*	22.47	(2.80)
<b>Total income tax expense recognised in Statement of Profit and Loss</b>	<b>312.30</b>	<b>251.42</b>

\* Including Mat credit utilisation (net) of ₹ 30.71 crores (March 31, 2022 : ₹ 50.72 crores)

#### (ii) Other comprehensive income (OCI)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Tax on remeasurement of defined benefit plans	(0.17)	(0.48)
<b>Total tax recognised in OCI</b>	<b>(0.17)</b>	<b>(0.48)</b>



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## (b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax (A)	1,108.94	1,083.85
Enacted tax rate in India (B)	25.17%	34.94%
Expected tax expenses (C = A*B)	279.10	378.74
<b>Other than temporary difference</b>		
Expenses disallowed under Income Tax Act, 1961	28.04	8.86
Effect of higher tax rate in subsidiaries	9.72	0.74
Income exempt from income taxes under section 10 AA	-	(363.59)
Impact of rate change on deferred tax	(25.43)	-
Deferred Tax Liability Originating and reversing during tax holiday period	39.49	-
Results of subsidiary not taxable	1.89	(30.92)
MAT Credit reversal	33.21	-
Tax pertaining to earlier years	14.04	-
Others	30.96	(8.19)
<b>Total (D)</b>	<b>131.92</b>	<b>(393.10)</b>
Profit after adjusting permanent difference	1,240.86	690.75
Expected tax expense	312.30	241.37
Actual income tax expense (benefit)	312.30	251.42
Effective tax rate	28.16%	23.20%

(c) The details of component of deferred tax assets are given under note 6.

(d) During the year ended March 31, 2023, the Parent Company elected to exercise the option permitted under Section 115BAA of the Income-Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Parent Company has recognised provision for income tax for the year ended March 31, 2023 and remeasured its deferred tax assets/liabilities based on the rate prescribed in the said Section.

## 28. Gratuity

### Defined Benefit Plans

The Group has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The scheme is funded through a policy with SBI Life Insurance Company Limited. The following tables summarise net benefit expenses recognised in the Statement of Profit and Loss, the status of funding and the amount recognised in the Balance sheet for the gratuity plan:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A) Net employee benefit expense (recognised in Employee benefits expenses)</b>		
Current service cost	8.58	7.67
Interest cost	3.80	3.04
Expected return on plan assets	(0.12)	(0.07)
<b>Net employee benefit expenses</b>	<b>12.26</b>	<b>10.64</b>
Actual return on plan asset	(0.09)	(0.02)

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>B) Amount recognised in the Balance Sheet</b>		
Defined benefit obligation	61.33	51.92
Fair value of plan assets	2.30	1.13
	<b>59.03</b>	<b>50.79</b>
<b>C) Changes in the present value of the defined benefit obligation</b>		
<b>Opening defined benefit obligation</b>	51.92	43.74
Current service cost	8.58	7.67
Interest cost	3.80	3.04
Benefits paid	(2.22)	(1.14)
Net actuarial (gains) / losses on obligation for the year recognised under OCI	(0.75)	(1.39)
<b>Closing defined benefit obligation</b>	<b>61.33</b>	<b>51.92</b>
<b>D) Change in the fair value of plan assets</b>		
<b>Opening fair value of plan assets</b>	1.13	0.92
Actual return on plan assets	0.09	0.02
Contributions	2.80	1.30
Benefits paid	(1.72)	(1.11)
<b>Closing fair value of plan assets</b>	<b>2.30</b>	<b>1.13</b>

The Group expects to contribute ₹ 7.51 to the gratuity fund in the next year (March 31, 2022: ₹ 7.51) against the short term liability of ₹ 6.51 (March 31, 2022: ₹ 6.51) as per the actuarial valuation.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Investments with SBI Life Insurance Company Limited	100.00%	100.00%
<b>E) Remeasurement adjustments:</b>		
Financial loss/ (gain) on plan assets	0.75	1.39
<b>Remeasurement gains/(losses) recognised in other comprehensive income:</b>	<b>0.75</b>	<b>1.39</b>

(i) The principal assumptions used in determining gratuity for the Group's plans are shown below:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate	7.51%	6.90%
Expected rate of return on assets	6.90%	6.90%
Salary rise	11.00%	11.00%
Attrition rate	15.00%	13.00%

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## (ii) Disclosure related to indication of effect of the defined benefit plan on the entity's future cashflows:

Expected benefit payments for the year ending:

Year ending	For the year ended March 31, 2023	For the year ended March 31, 2022
Year 1	7.98	6.42
Year 2	7.46	5.93
Year 3	7.64	5.85
Year 4	7.29	5.99
Year 5	6.75	5.68
Beyond 5 years	21.91	21.84

The average duration of the defined benefit plan obligation at the end of the reporting period is 26.04 years (March 31, 2022: 26.04 years).

## (iii) Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Effect of 1 % change in assumed discount rate on defined benefit obligation		
- 1 % increase	(2.68)	(3.95)
- 1 % decrease	4.83	3.11
(b) Effect of 1 % change in assumed salary escalation rate on defined benefit obligation		
- 1 % increase	4.43	2.69
- 1 % decrease	(2.52)	(3.77)
(c) Effect of 1 % change in assumed attrition rate on defined benefit obligation		
- 1 % increase	0.26	(1.23)
- 1 % decrease	1.52	0.01

### Defined contribution plan

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Contribution to provident fund	23.75	20.15
Contribution to superannuation fund	2.14	2.05

## 29. Share based payments

### ESOP 2016 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme (ESOP) 2016 for issue of stock options to eligible employees of the Company effective from June 09, 2016. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme. Options granted shall vest so long as the employee continues to be in the employment of the Company as on the date of vesting. Subject to an employee's continued employment with the Company, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme.

### ESOP 2018 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme (ESOP) 2018 for issue of stock options to eligible employees of the Company. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme. Options granted shall vest so long as the employee continues to be in the employment of the Company as on the date of vesting. Subject to an employee's continued employment with the Company, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## Exercise period

Scheme	Grant	Number of options	Year 1 25%	Year 2 25%	Year 3 50%
ESOP 2016	Grant I	178,438	1-Jul-18	1-Jul-19	1-Jul-20
ESOP 2016	Grant III	270,750	1-Apr-24	1-Apr-25	1-Apr-26
ESOP 2016	Grant II	537,150	1-Dec-20	1-Dec-21	1-Dec-22
ESOP 2018	Grant I	149,750	1-Dec-21	1-Dec-22	1-Dec-23
ESOP 2018	Grant II	707,000	1-Apr-23	1-Apr-24	1-Apr-25
ESOP 2018	Grant III	5,000	1-Apr-24	1-Apr-25	1-Apr-26

Scheme	Date of Grant	Number of options Granted *	Exercise price	Weighted Average Fair value of option at grant date
ESOP 2016	July 01, 2016	178,438	550.00	84.45
ESOP 2016	December 01, 2018	537,150	292.00	167.83
ESOP 2018	December 01, 2019	149,750	255.50	150.88
ESOP 2018	April 01, 2021	707,000	356.00	474.70
ESOP 2016	April 01, 2022	270,750	350.00	466.60
ESOP 2018	April 01, 2022	5,000	350.00	466.60

\* The Group issued bonus shares in the ratio of 3 shares for every 1 share held.

## The details of activity under the Scheme ESOP 2016 are summarised below :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	No. of options	No. of options
Outstanding at the beginning of the year	1,158,460	1,818,435
Granted during the year	270,750	-
Forfeited during the year	26,640	56,400
Exercised during the year	1,144,135	603,575
Outstanding at the end of the year	258,435	1,158,460
Exercisable at the end of the year	685	345
Options cancelled	345	345
Weighted average exercise price for all the above options	292.00	292

## The details of activity under the Scheme ESOP 2018 are summarised below :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	No. of options	No. of options
Outstanding at the beginning of the year	1,135,685	641,250
Granted during the year	5,000	707,000
Forfeited during the year	45,280	59,190
Exercised during the year	147,455	153,375
Outstanding at the end of the year	947,950	1,135,685
Weighted average exercise price for all the above options	255.50	255.50

For options exercised during the year, the weighted average share price at the exercise date under under ESOP 2016 scheme, was ₹ 58.40 per share (March 31, 2022: ₹ 131.82 per share).

The weighted average remaining contractual life for the stock options outstanding under ESOP 2016 as at March 31, 2023 is 4.01 years (March 31, 2022: 0.67 years) and under ESOP 2018 as at March 31, 2023 is 2.90 years (March 31, 2022: 3.73). The range of exercise prices for options outstanding under ESOP 2016 as at March 31, 2023 was ₹ 550.00 (March 31, 2022: ₹ 550.00) and under ESOP 2018 as at March 31, 2023 was ₹ 255.50 (March 31, 2022: ₹ 255.50).

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

The weighted average fair value of stock options granted during the year under ESOP 2013 scheme was ₹ 466.60 (March 31, 2022: ₹ Nil) and under ESOP 2018 scheme was ₹ 466.60 (March 31, 2022: ₹ 474.70). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2023					
	ESOP 2016 scheme			ESOP 2018 scheme		
	Grant III	Grant II	Grant I	Grant III	Grant II	Grant I
Dividend yield	0.34%	0.39%	0.39%	0.34%	0.25%	0.43%
Expected volatility	36.37%	26.90%	0.00%	36.37%	42.13%	0.00%
Risk-free interest rate	6.15%	7.19%	7.03%	6.15%	4.74%	5.81%
Weighted average share price of ₹	466.60	384.00	514.79	466.60	474.70	350.25
Exercise price of ₹	350.00	292.00	550.00	350.00	217.10	255.50
Expected life of options granted in years	3.26	2.50	2.50	3.26	3.50	3.50

	March 31, 2022			
	ESOP 2016 scheme		ESOP 2018 scheme	
	Grant II	Grant I	Grant II	Grant I
Dividend yield	0.39%	0.39%	0.25%	0.43%
Expected volatility	26.90%	0.00%	42.13%	0.00%
Risk-free interest rate	7.19%	7.03%	4.74%	5.81%
Weighted average share price of ₹	384.00	514.79	474.70	350.25
Exercise price of ₹	292.00	550.00	217.10	255.50
Expected life of options granted in years	2.50	2.50	3.50	3.50

The expected life of the stock is based on the historical data and current expectations and is not necessarily indicative of exercise pattern that may occur.

### 30. Trade Payables (Details of dues to Micro and Small Enterprises as per MSMED Act, 2006):

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	38.34	78.48
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-
<b>Total</b>	<b>38.34</b>	<b>78.48</b>

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 31. Segment reporting

- A. The Group is engaged in the manufacture of Active Pharmaceutical Ingredients, intermediates and formulations and the same constitutes a single reportable business segment as per Ind AS 108.
- B. Segment information for secondary segment reporting (by geographical segment)  
The Company has reportable geographical segments based on location of its customers:
- Revenue from customers within India – Domestic
  - Revenue from customers outside India – Exports

### Geographical segments

Particulars	For the year ended March 31, 2023		
	Outside India	Within India	Total
Revenue	4,366.73	1,673.82	6,040.55
Non-current assets (other than financial instruments and deferred tax assets)	6.53	4,092.88	4,099.41
Cost incurred to acquire capital assets	-	990.16	990.16

Particulars	For the year ended March 31, 2022		
	Outside India	Within India	Total
Revenue	3,556.66	1,378.91	4,935.57
Non-current assets (other than financial instruments and deferred tax assets)	4.72	3,527.63	3,532.35
Cost incurred to acquire capital assets	-	876.84	876.84

## 32. Related party disclosures

### Names of related parties and description of relationship

Name of the related party	Relationship
<b>Associate Companies</b>	
i) Immuno-Adoptive Cell Therapy Private Limited (Holding 27.57%) (w.e.f. December 09, 2021)	
ii) Ethan Energy India Private Limited (Holding 26.00%) (w.e.f. January 03, 2023)	
<b>Enterprise over which Key Management Personnel exercise significant influence</b>	
i) Laurus Infosystems (India) Private Limited	
ii) HRV Global Life Sciences Private Limited	
iii) Laurus Charitable Trust	
iv) Kapston Facilities Management limited	
v) Sterotherapeutics, LLC	
vi) NSN Investments	
<b>Key Management Personnel</b>	
i) Dr. Satyanarayana Chava	Executive Director & Chief executive officer
ii) Mr. V.V. Ravi Kumar	Executive Director & Chief financial officer
iii) Dr. C.V. Lakshmana Rao	Executive Director
iv) Mr. Chandrakanth Chereddi	Non-Executive Director
v) Mrs. Aruna Bhingé	Independent Director
vi) Dr. Rajesh Koshy Chandy	Independent Director
vii) Dr. Venugopala Rao Malempati	Independent Director
viii) Dr. Ravindranath Kancherla	Independent Director
ix) Mr. G Venkateswar Reddy	Company Secretary
<b>Relatives of Key Management Personnel</b>	
i) Mr. Narasimha Rao Chava	Brother of Dr. Satyanarayana Chava
ii) Mr. Chandrakanth Chereddi	Son-in-Law of Dr. Satyanarayana Chava
iii) Mr. Krishna Chaitanya Chava	Son of Dr. Satyanarayana Chava
iv) Mrs. Soumya Chava	Daughter of Dr. Satyanarayana Chava



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## Transactions during the year :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>a) Associate companies</b>		
<b>i) Immuno-Adoptive Cell Therapy Private Limited</b>		
Investment made	18.40	27.60
<b>ii) Ethan Energy India Private Limited</b>		
Investment made	3.90	-
Performance guarantee deposit received	3.73	-
<b>b) Enterprise over which Key Management Personnel exercise significant influence</b>		
<b>i) Laurus Infosystems (India) Private Limited</b>		
Software maintenance	1.76	1.15
<b>ii) HRV Global Life Sciences Private Limited</b>		
Sale of goods	1.16	6.34
Purchase of goods	-	4.25
<b>iii) Laurus Charitable Trust</b>		
Donations	0.36	-
CSR expenditure	10.48	1.43
<b>iv) Kapston Facilities Management limited</b>		
Factory maintenance	2.34	1.41
<b>v) Sterotherapeutics, LLC</b>		
Sale of goods	0.08	0.32
<b>vi) NSN Investments</b>		
Rent	3.40	0.47
Reimbursement of expenses	0.21	-
Security Deposit	-	0.92
<b>c) Key Management Personnel</b>		
<b>i) Dr. Satyanarayana Chava</b>		
Remuneration	10.93	18.11
<b>ii) Mr. V.V. Ravi Kumar</b>		
Remuneration	3.67	4.69
Rent	0.10	0.10
<b>iii) Dr. C.V. Lakshmana Rao</b>		
Remuneration	2.45	3.15
<b>iv) Mr. Chandrakanth Chereddi</b>		
Independent directors fee	0.40	0.40
Sitting fee	0.09	0.09
<b>v) Mrs. Aruna Bhinge</b>		
Independent directors fee	0.20	0.20
Sitting fee	0.06	0.06
<b>vi) Dr. Rajesh Koshy Chandy</b>		
Independent directors fee	0.33	0.30
Sitting fee	0.06	0.07
<b>vii) Dr. Venugopala Rao Malempati</b>		
Independent directors fee	0.20	0.20
Sitting fee	0.05	0.05

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>viii) Dr. Ravindranath Kancherla</b>		
Independent directors fee	0.20	0.20
Sitting fee	0.05	0.05
<b>ix) Mr. G.Venkateswar Reddy</b>		
Remuneration	0.67	0.64
<b>d) Relatives of Key Management Personnel</b>		
<b>i) Mr. Narasimha Rao Chava</b>		
Remuneration	1.16	1.11
<b>ii) Mr. Krishna Chaitanya Chava</b>		
Remuneration	1.56	1.26
<b>iii) Mrs. Soumya Chava</b>		
Rent	0.21	0.20

### Closing balances (Unsecured)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>a) Enterprise over which Key Management Personnel exercise significant influence</b>		
<b>i) HRV Global Life Sciences Private Limited</b>		
Trade receivable	0.39	2.68
<b>ii) Kapston Facilities Management limited</b>		
Trade payables	0.17	0.13
<b>iii) Sterotherapeutics, LLC</b>		
Trade receivable	-	0.33
<b>iv) NSN Investments</b>		
Rent payable	-	0.23
Security Deposit	0.92	0.92
<b>b) Key Management Personnel</b>		
<b>i) Dr. Satyanarayana Chava</b>		
Remuneration payable	0.41	8.16
<b>ii) Mr. V.V. Ravi Kumar</b>		
Remuneration payable	0.14	1.36
Rent payable	0.01	0.01
<b>iii) Dr. C.V. Lakshmana Rao</b>		
Remuneration payable	0.09	0.91
<b>iv) Mr. G.Venkateswar Reddy</b>		
Remuneration payable	0.11	0.09
<b>c) Relatives of Key Management Personnel</b>		
<b>i) Mr. Narasimha Rao Chava</b>		
Remuneration payable	0.22	0.16
<b>ii) Mr. Krishna Chaitanya Chava</b>		
Remuneration payable	0.25	0.18
<b>iii) Mrs. Soumya Chava</b>		
Rent payable	0.02	0.02

The advance given to subsidiaries are in the nature of trade advances against orders for supply of goods & services and hence not disclosed as required under regulation 53 (f) read with para A of Schedule V of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Group as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured.

### 33. Significant accounting judgements, estimates and assumptions

The preparation of the Group's Consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### (A) Use of estimates, Judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note

#### (i) Taxes

The Group has a Minimum Alternate Tax (MAT) credit of ₹ 0.87 as on March 31, 2023 (March 31, 2022: 34.56). The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Group based on its future projections of profit believes that the MAT credit would be utilized by financial year 2023-24. During the year ended March 31, 2023, the Holding Company elected to exercise the option permitted under Section 115BAA of the Income-Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Holding Company has recognised provision for income tax for the year ended March 31, 2023 and remeasured its deferred tax assets/liabilities based on the rate prescribed in the said Section.

#### (ii) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimation requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Black Scholes valuation model has been used by the Management for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 29.

#### (iii) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 28.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### (iv) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 34, 35 and 36 for further disclosures.

### (v) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

### (vi) Impairment of goodwill

The Group estimates the value-in-use of the cash generating units (CGUs) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rates used for the CGUs represent the weighted average cost of capital based on the historical market returns of comparable companies.

## 34. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying value		Fair value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Financial assets at fair value through profit or loss:</b>				
Investments	3.41	3.41	3.41	3.41
<b>Financial assets at cost (net of share of loss):</b>				
Investments	46.49	27.40	46.49	27.40
<b>Financial assets at amortised cost:</b>				
Loans	0.97	0.64	0.97	0.64
Other financial assets	64.74	60.41	64.74	60.41
Trade receivables	1,580.44	1,354.18	1,580.44	1,354.18
Cash and cash equivalents	45.67	75.35	45.67	75.35
Other balances with banks	2.79	0.59	2.79	0.59
<b>Financial liabilities at amortised cost:</b>				
Borrowings (Non-current and current)	1,971.97	1,732.03	1,971.97	1,732.03
Interest accrued	8.62	3.55	8.62	3.55
Trade payables	710.65	876.37	710.65	876.37
Capital creditors and others	183.71	297.15	183.71	297.15
Lease liabilities	43.12	44.63	43.12	44.63
Gross obligation liability to acquire Non-controlling interest	91.20	83.20	91.20	83.20
<b>Financial liabilities/(assets) at fair value through profit and loss:</b>				
Derivative contracts	(0.98)	(1.81)	(0.98)	(1.81)

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of borrowings approximate their carrying amounts largely since they are carried at floating rate of interest.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## 35. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

### Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2023:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets at fair value through profit and loss:</b>					
Investments	March 31, 2023	3.41	-	3.41	-
<b>Financial assets at cost (net of share of loss):</b>					
Investments	March 31, 2023	46.49	-	46.49	-
<b>Financial liabilities/(assets) at fair value through profit and loss:</b>					
Derivative financial instruments	March 31, 2023	(0.98)	-	(0.98)	-

### Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2022:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets at fair value through profit and loss:</b>					
Investments	March 31, 2022	3.41	-	3.41	-
<b>Financial assets at cost (net of share of loss):</b>					
Investments	March 31, 2022	27.40	-	27.40	-
<b>Financial liabilities at fair value through profit and loss:</b>					
Derivative financial instruments	March 31, 2022	(1.81)	-	(1.81)	-

### Measurement of fair value

#### Valuation techniques

The following table shows the valuation techniques used in measuring Level 2 fair values for assets and liabilities carried at fair value through profit or loss.

Type	Valuation technique
<b>Assets measured at fair value:</b>	
Investments	The fair value is determined based on value per share derived from net worth of the Company as at the reporting date.
<b>Liabilities measured at fair value:</b>	
Derivative financial instruments	The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curve in reporting currency.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### 36. Financial risk management objectives and policies

#### Financial risk management framework

The Group is exposed primarily to Credit risk, liquidity risk and market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

#### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk, except for trade receivables.

#### *Trade receivables:*

The customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. Of the trade receivables balance, ₹ 487.71 in aggregate (as at March 31, 2022 ₹ 481.99) is due from the Group's customers individually representing more than 5% of the total trade receivables balance and accounted for approximately 31% (March 31, 2022: 36%) of all the receivables outstanding. The Group's receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

#### *Exposure to credit risk:*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 1,580.44 and ₹ 1,354.18 as of March 31, 2023 and March 31, 2022 respectively, being the total of the carrying amount of balances with trade receivables.

#### Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.



# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Particulars	Up to 1 Year	1 to 3 years	3 to 5 years	> 5 years	Total
<b>March 31, 2023:</b>					
Non-current borrowings (including current maturities)	247.25	681.49	47.46	-	976.20
Current borrowings	995.77	-	-	-	995.77
Interest accrued	8.62	-	-	-	8.62
Trade payables	710.65	-	-	-	710.65
Other payables	183.71	-	-	-	183.71
Lease liabilities	5.68	11.35	18.55	7.54	43.12
Gross obligation liability to acquire Non-controlling interest	-	-	91.20	-	91.20
	<b>2,151.67</b>	<b>692.84</b>	<b>157.21</b>	<b>7.54</b>	<b>3,009.27</b>
<b>March 31, 2022:</b>					
Non-current borrowings (including current maturities)	237.48	530.42	53.41	-	821.31
Current borrowings	910.72	-	-	-	910.72
Interest accrued	3.55	-	-	-	3.55
Trade payables	876.37	-	-	-	876.37
Other payables	297.15	-	-	-	297.15
Lease liabilities	5.01	10.01	12.96	16.66	44.63
Gross obligation liability to acquire Non-controlling interest	-	-	83.20	-	83.20
	<b>2,330.27</b>	<b>540.43</b>	<b>149.57</b>	<b>16.66</b>	<b>3,036.93</b>

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on borrowings, as follows:

Particulars	Change in basis points		Effect on profit before tax	
	Increase	Decrease	Decrease	Increase
<b>March 31, 2023</b>				
Indian Rupees	0.50%	0.50%	(7.01)	7.01
US Dollars	0.50%	0.50%	(3.36)	3.47
<b>March 31, 2022</b>				
Indian Rupees	0.50%	0.50%	(6.86)	6.86
US Dollars	0.50%	0.50%	(2.42)	2.42

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

### Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the Statement of Profit and Loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Group. The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows:

#### a) Forward contract (Derivatives):

Forward contract outstanding as at Balance Sheet date:

March 31, 2023 Sell US \$ 45,000,000 Designated as fair value hedge - receivables

March 31, 2022 Sell US \$ 22,000,000 Designated as fair value hedge - receivables

#### b) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	Currency	March 31, 2023			March 31, 2022		
		Amount in foreign currency	Amount in ₹	Conversion rate	Amount in foreign currency	Amount in ₹	Conversion rate
Secured loans	USD	49,024,390	403.06	82.22	97,068,667	735.85	75.81
Unsecured loans	USD	7,322,340	60.20	82.22	5,138,355	38.95	75.81
Interest accrued but not due on borrowings	USD	300,126	2.47	82.22	62,725	0.48	75.81
Trade payables	USD	16,565,841	136.20	82.22	22,332,306	169.29	75.81
	EURO	230,088	2.06	89.61	468,045	3.96	84.66
	GBP	31,660	0.32	101.87	79,533	0.79	99.55
	NAD	-	-	4.57	83,714	0.04	5.21
	AED	-	-	22.36	11,450	0.01	10.86
	CHF	3,507	0.03	89.70			
Capital creditors	USD	91,608	0.75	82.22	517,286	3.80	73.50
	GBP	13,887	0.14	101.87	18,853	0.19	100.95
	EURO	5,391	0.05	89.61	631,132	5.43	86.10
Trade receivables	USD	55,564,229	456.83	82.22	76,439,292	576.24	75.39
	EURO	5,874,165	52.64	89.61	8,273,530	68.71	83.05
	GBP	65,957	0.67	101.87	157,624	1.47	93.08
	CAD	2,530,203	15.35	60.65	1,506,862	8.02	53.20
	JPY	250,000	0.02	0.62	-	-	-
Cash and cash equivalents*	USD	64	0.00	82.22	5,247,377	39.56	75.39
	EURO	-	-	89.61	13,363	0.11	83.05

\* Amount less than Indian Rupees 100,000

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

### c) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in forex rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
<b>March 31, 2023</b>				
USD	1.00%	1.00%	(1.46)	1.46
EURO	1.00%	1.00%	0.51	(0.51)
<b>March 31, 2022</b>				
USD	1.00%	1.00%	(3.29)	3.29
EURO	1.00%	1.00%	0.60	(0.60)

## 37. Group Information

### Information about subsidiaries and associates

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Principal activities	Country of incorporation	March 31, 2023	March 31, 2022
Sriam Labs Private Limited	Active Pharmaceutical Ingredients (APIs) and Intermediates	India	100%	100%
Laurus Synthesis Private Limited	Contract Development & Manufacturing Organization (CDMO)	India	100%	100%
Laurus Bio Private Limited	Develops novel enzymatic solutions for Industrial Biotechnology and Animal Origin Free recombinant proteins and enzymes for Biopharma.	India	76.60%	76.60%
Laurus Holdings Limited	Business support services in the fields of pharmaceuticals	UK	100%	100%
Laurus Generics Inc.	Pharmaceutical and related services	USA	100%	100%
Laurus Generics GmbH	Pharmaceutical and related services	Germany	100%	100%
Laurus Generics SA (Pty) Ltd	Pharmaceutical and related services	South Africa	100%	100%
Laurus Specialty Chemicals Private Limited (Refer note 1)	Pharmaceutical and related services	India	100%	-
Immunoadoptive Cell Therapy Private Limited	Advanced cell and gene therapy	India	27.57%	18.94%
Ethan Energy India Private Limited (Refer note 2)	Power	India	26.00%	-

- During the year ended March 31, 2023, the Company incorporated wholly owned subsidiary, Laurus Specialty Chemicals Private Limited (LSCPL) in India on December 01, 2022. LSCPL has not commenced its operations.
- Pursuant to investment agreement entered into by the Company with Ethan Energy India Private Limited (Ethan Energy), capital contributions have been made into Ethan Energy in terms of the aforesaid agreement during the quarter ended March 31, 2023. The Company has accounted for its investment in Ethan Energy as an associate w.e.f January 03, 2023.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 38. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group intends to keep the gearing ratio between 0.4 to 1.5. The Group includes within net debt, borrowings including interest accrued on borrowings, less cash and short-term deposits.

	March 31, 2023	March 31, 2022
Borrowings including interest accrued on borrowings (Note 13)	1,980.59	1,735.58
Less: cash and cash equivalents; other balances with banks (Note 10A and 10B)	(48.46)	(75.94)
<b>Net debt</b>	<b>1,932.13</b>	<b>1,659.64</b>
Equity	107.73	107.47
Other equity	3,929.80	3,243.72
<b>Total Equity</b>	<b>4,037.53</b>	<b>3,351.19</b>
Gearing ratio (Net debt/ Total equity)	0.48	0.50

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023.

## 39. Commitments and Contingencies

### A. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Operating lease commitments - Group as lessee

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2023 and March 31, 2022

Particulars	March 31, 2023	March 31, 2022
Opening Balance	138.05	55.16
Additions	3.08	87.41
Depreciation	(7.70)	(4.51)
<b>Closing Balance</b>	<b>133.43</b>	<b>138.05</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of profit and loss

The following is the movement in lease liabilities during the year ended March 31, 2023 and March 31, 2022

Particulars	March 31, 2023	March 31, 2022
Opening Balance	44.63	28.49
Additions	3.08	87.41
Finance cost accrued during the year	3.23	2.32
Payment of lease liabilities	(7.83)	(73.59)
<b>Closing Balance</b>	<b>43.12</b>	<b>44.63</b>

The following is the break-up of current and non-current lease liabilities as at March 31, 2023 and March 31, 2022

Particulars	March 31, 2023	March 31, 2022
Non-current lease liabilities	37.44	39.63
Current lease liabilities	5.68	5.00
<b>Total</b>	<b>43.12</b>	<b>44.63</b>

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 and March 31, 2022 on discounted basis

Particulars	March 31, 2023	March 31, 2022
Within one year	5.68	5.01
After one year but not more than five years	29.90	22.97
More than five years	7.54	16.66
<b>Total</b>	<b>43.12</b>	<b>44.63</b>

## B. Commitments

Particulars	March 31, 2023	March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	342.65	333.21

## C. Contingent liabilities

Particulars	March 31, 2023	March 31, 2022
(i) Outstanding bank guarantees (excluding performance obligations)	79.89	44.47
(ii) Claims arising from disputes not acknowledged as debts - direct taxes	8.24	13.25
(iii) Claims arising from disputes not acknowledged as debts - indirect taxes	56.53	53.51
(iv) On account of provident fund liability	7.57	7.57

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 40. Other statutory information

- i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- ii) The Group does not have any transactions with companies struck off.
- iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- vi) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- vii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- viii) The Group does not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Crore Rupees except for share data or as otherwise stated)

## 41. Summary of net assets and profit and loss:

Name of the entity	Net Assets*				Share in Profit/ (Loss)				Share in other comprehensive income				Share in total comprehensive income			
	As % of consolidated net assets		Amount		As % of consolidated profit/ (loss)		Amount		As % of consolidated other comprehensive income		Amount		As % of consolidated other comprehensive income		Amount	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>A. Parent</b>	99.05%	100.05%	4,010.33	3,360.81	95.45%	90.13%	760.38	750.09	136.21%	87.91%	0.79	0.80	96.62%	90.11%	761.17	750.89
<b>B. Subsidiary incorporated in India</b>																
Sriam Labs Private Limited	1.14%	1.13%	46.01	38.12	0.99%	1.52%	7.91	12.69	-1.72%	13.19%	(0.01)	0.12	1.00%	1.54%	7.90	12.81
Laurus Synthesis Private Limited	1.00%	0.55%	40.68	18.49	2.79%	3.76%	22.21	31.26	-1.72%	0.00%	(0.01)	-	2.82%	3.75%	22.20	31.26
Laurus Bio Private Limited	1.19%	1.02%	48.16	34.18	1.78%	2.42%	14.19	20.13	-32.76%	-1.10%	(0.19)	(0.01)	1.78%	2.41%	14.00	20.12
<b>C. Subsidiary incorporated outside India</b>																
Laurus Holdings Limited	0.32%	0.71%	13.10	23.91	-0.93%	0.22%	(7.40)	1.79	-	-	-	-	-0.94%	0.21%	(7.40)	1.79
Laurus Generics SA (Pty) Limited	0.66%	0.71%	26.71	24.01	0.69%	2.79%	5.51	23.21	-	-	-	-	0.70%	2.79%	5.51	23.21
<b>Total</b>	<b>103.37%</b>	<b>104.18%</b>	<b>4,185.00</b>	<b>3,499.52</b>	<b>100.77%</b>	<b>100.83%</b>	<b>802.80</b>	<b>839.17</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.58</b>	<b>0.91</b>	<b>101.98%</b>	<b>100.81%</b>	<b>803.38</b>	<b>840.08</b>
Non-controlling interest	0.27%	0.23%	11.13	7.86	0.42%	0.57%	3.32	4.71	-	-	-	-	0.42%	0.57%	3.32	4.71



# NOTICE

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the Members of Laurus Labs Limited (the **Company**) will be held through Video Conferencing (VC) **at 3.00 p.m. on Friday the 14<sup>th</sup> day of July 2023**, to transact the following business:

## ORDINARY BUSINESS :

1. To consider and adopt the audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2023, the reports of Board of Directors and Auditors thereon
2. To consider and adopt the audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2023 and report of Auditors thereon.
3. To approve and ratify the interim dividend on equity shares @ ₹0.80 per share already paid for the Financial Year 2022-23.
4. To approve and ratify the 2<sup>nd</sup> interim dividend on equity shares @ ₹1.20 per share already paid for the Financial Year 2022-23.
5. To appoint a Director in place of Dr. Satyanarayana Chava (DIN 00211921) who retires by rotation and, being eligible, offers himself, for re-appointment.
6. To appoint a Director in place of Dr. Chunduru Venkata Lakshmana Rao (DIN 06885453) who retires by rotation and, being eligible, offers himself, for re-appointment.

## SPECIAL BUSINESS:

### 7. TO APPROVE THE REMUNERATION PAYABLE TO COST AUDITORS FOR THE FINANCIAL YEAR ENDING 2023-24

To consider, and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, the Cost Auditors, M/s. Sagar & Associates, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2023-24, be paid a remuneration of ₹ 5,50,000/- (Rupees Five lakh and Fifty thousand only) per annum and out of pocket & other expenses and GST at actuals.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution.”

### 8. TO APPROVE THE APPOINTMENT OF MS. SOUMYA CHAVA AS HEAD-COMMERCIAL

To consider, and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder the Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof, the appointment of Ms. Soumya Chava as Head-Commercial with effect from June 01, 2023 with a remuneration of ₹ 1.20 Crores per annum and all other benefits as per the Company policy, be and is hereby approved.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution.”

By order of the Board  
**Laurus Labs Limited**

**G. Venkateswar Reddy**  
Company Secretary

#### Regd. Office:

Laurus Enclave, Plot Office 01,  
E. Bonangi Village,  
Parawada Mandal,  
Anakapalli District – 531 021  
E-mail:secretarial@lauruslabs.com

Place: Hyderabad  
Date: April 27, 2023

#### Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business set out above is annexed hereto and forms part of the Notice.
2. Brief resume of Directors proposed to be appointed/re-appointed, (in item nos. 5 & 6) nature of their expertise in specific functional areas, name of companies in which they hold directorships and membership/chairmanships of Board Committees and shareholding in the Company as stipulated under SEBI (LODR) Regulations, 2015 are provided as an Annexure to this notice and also in the Report on Corporate Governance forming part of the Annual Report.

3. In compliance with the MCA and SEBI Circulars to conduct their Annual General Meetings on or before 30th September 2023 through video conferencing (VC) or other Audio Visual Means (OAVMs), the 18<sup>th</sup> Annual General Meeting of the Company shall be conducted through Video Conferencing (VC) to be referred to as “e-AGM”.
4. The Company has appointed M/s. National Securities Depository Limited (NSDL) to provide Video Conferencing facility for the e-AGM
5. In the e-AGM:
  - a. Members can attend the meeting through log in credentials provided to them to connect to Video Conference. Physical attendance of the Members at the Meeting venue is not required.
  - b. Appointment of proxy to attend and cast vote on behalf of the member is not available.
  - c. Body Corporates are entitled to appoint authorised representatives to attend the e-AGM through VC and participate thereat and cast their votes through e-voting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from July 08, 2023 to July 14, 2023 (both days inclusive) for the purpose of Annual General Meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/RTA.
8. Members are requested to note that the dividend remaining unclaimed for a continuous period of seven years from the date of transfer to the Company’s Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund (IEPF). In addition, all equity shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to demat account of the IEPF authority within a period of thirty days of such equity shares becoming due to be transferred to the IEPF. In the event of transfer of equity shares and the unclaimed dividends to IEPF, Members are entitled to claim the same from IEPF authority by submitting an online application in the prescribed Form IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF rules.
9. Pursuant to Rule 5(8) of Investor Education and Protection Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded details of unpaid and unclaimed amounts lying with the Company as on June 30, 2022 (date of last AGM) on its website at [www.lauruslabs.com](http://www.lauruslabs.com) and also on the website of the Ministry of Corporate Affairs.
10. The Notice calling the e-AGM has been uploaded on the website of the Company at [www.lauruslabs.com](http://www.lauruslabs.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.
11. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
12. Up to 1000 members will be able to join on a First Come First Serve basis to the e-AGM.
13. No restrictions on account of First Come First Serve basis entry into e-AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
14. The attendance of the Members (members’ logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
15. **Remote e-Voting:** Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing facility of remote e-voting to its Members through e-Voting agency M/s. National Securities Depository Limited (NSDL).
16. Voting at the e-AGM: Members who could not vote through remote e-voting may avail the e-voting system provided in the e-AGM by M/s. National Securities Depository Limited (NSDL).
17. The Statutory Registers and the documents pertaining to the items of business to be transacted at the AGM are available for inspection in electronic mode. The shareholders may write an e-mail to [secretarial@lauruslabs.com](mailto:secretarial@lauruslabs.com) and the Company shall respond suitably.

### Instructions for the Members for attending the e-AGM through Video Conference:

1. Member will be provided with a facility to attend the EGM/ AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “VC/OAVM link” placed under “**Join General meeting**” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following

the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at [secretarial@lauruslabs.com](mailto:secretarial@lauruslabs.com).
6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id,

mobile number at [secretarial@lauruslabs.com](mailto:secretarial@lauruslabs.com). The same will be replied by the company suitably.

7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

### Instructions for members for remote e-Voting

8. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and as per the requirements of the SEBI (LODR) Regulations 2015, your Company is pleased to provide members facility to exercise their right to vote at the 18<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by M/s. National Securities Depository Limited.
9. The remote e-voting period begins on July 11, 2023 at 09:00 A.M. and ends on July 13, 2023 at 05:00 P.M. and the remote e-voting module shall be disabled by NSDL for voting thereafter.
10. The Instructions for remote voting are as under:

## How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:


### Step 1: Access to NSDL e-Voting system

#### A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode:

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<p>(i) Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>(ii) If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS Portal" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>(iii) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

Type of shareholders	Login Method
	<p>(iv) Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> 
Individual Shareholders holding securities in demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022- 23058542-43

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.



4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "[Forgot User Details/Password?](#)"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) [Physical User Reset Password?](#) (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

### Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

#### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

- (i) After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
- (ii) Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
- (iii) Now you are ready for e-Voting as the Voting page opens.
- (iv) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- (v) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (vi) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- (vii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General guidelines for shareholders

- (i) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [yrvifcs@gmail.com](mailto:yrvifcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- (ii) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "**Forgot User Details/Password?**" or "**Physical User Reset Password?**" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

- (iii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request by email to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**11. Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

- (i) In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [secretarial@lauruslabs.com](mailto:secretarial@lauruslabs.com) and [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- (ii) In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [secretarial@lauruslabs.com](mailto:secretarial@lauruslabs.com) and [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
- (iii) Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
- (iv) In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**Instructions for members for e-Voting during the e-AGM session:**

12. The procedure for e-Voting on the day of the e-AGM is same as the instructions mentioned above for remote e-voting.
13. Only those Members/ shareholders, who will be present in the e-AGM through Video Conference facility and have not casted their vote through remote e-Voting are eligible to vote through e-Voting in the e-AGM and they can exercise their vote while they are connected in the Video Conference by following the guidelines provided therein.
14. However, members who have voted through Remote e-Voting will be eligible to attend the e-AGM.
15. The Board of Directors of the Company has appointed Mr.Y.Ravi Prasada Reddy, Proprietor of RPR Associates, a Practicing Company Secretary, as scrutinizer to scrutinize

the remote e-voting process and voting at the meeting in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the said purpose.

16. The voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/ beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. July 07, 2023.
17. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. June 23, 2022 only shall be entitled to avail the facility of remote e-voting/ e-voting at the meeting.
18. Any person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date may obtain the USER ID and Password by sending an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
19. The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the meeting, make a consolidated Scrutinizer's Report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company at [www.lauruslabs.com](http://www.lauruslabs.com). The results shall simultaneously be communicated to the Stock Exchanges.

**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT 2013**

**Item No.7:**

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. Sagar & Associates, Cost Accountants, as Cost Auditors at a remuneration of ₹ 5,50,000/- (Rupees Five lakhs and Fifty thousand only) per annum plus out of pocket expenses at actuals and GST, to conduct the audit of the cost records of the Company for the financial year ending 31 March 2024.

In accordance with the provisions of the Section 148 of the Companies Act 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be approved by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.7 of the Notice for approval of the remuneration payable to the Cost Auditors for the financial year ending 31 March 2024.

The Board recommends the resolution set forth in the Item No. 7 of the Notice for approval of the members.

None of the Directors or Key Managerial Personnel or relatives of Directors and Key Managerial Persons are, in any way, concerned or interested, financially or otherwise, in this resolution.

**Item No.8:**

The Board, on the recommendation of the Nomination and Remuneration Committee and the Audit Committee, has approved the appointment of Ms. Soumya Chava as Head-Commercial with effect from June 01, 2023 with a remuneration of ₹ 1.20 Crores per

annum along with other benefits as per eligibility to the respective cadre to Ms Soumya in her role as Head – Commercial. Her performance will be subject to an appraisal of the Management like any other employee of her cadre. The proposed salary is within the bandwidth of the salaries of the Company for the cadre of Level 1.

Ms Soumya’s credentials are as follows:

Ms Soumya completed her Bachelor of Pharmacy from Osmania University in 2007. In addition, she completed a Master’s in Clinical Research and Business Administration from Campbell University, NC, USA, between 2007 and 2010. Ms Soumya also completed Postgraduate Diploma in Patents Law from Nalsar University of Law, Hyderabad, in 2011.

Ms Soumya has gained overall experience of more than twelve years in the Pharma Industry. Initially, she gained experience in Clinical trial management in Quintiles Transnational and Laurus Infosystems. After her initial working experience, she tried to quench her entrepreneurial zeal. She has conceptualized a jewellery boutique for children, from designing to marketing in the name of Theia Jewellery. She could establish Theia as a good quality and reliable player in this field. With this venture, she gained overall business expertise, including marketing, apart from other facets of the business. Ms Soumya has been serving as Director since 2021 in Laurus Synthesis Private Limited (a wholly owned subsidiary of your Company). She has also been taking care of the CSR activities of Laurus Charitable Trust for the last one year as Head CSR. With all these, she got familiar with Laurus’s business and Laureates.

Periodical experience of Ms.Soumya

Sl No	Organization	Designation	From	To
1	Laurus Charitable Trust	Head- CSR	2022	Continuing
2	Laurus Synthesis Pvt Ltd	Director	2021	Continuing
3	Theia Jewellery Pvt Ltd	Executive Director	2016	May 2023
4	Laurus Infosystems Pvt Ltd	Executive Director	2012	2016
5	Quintiles Transnational, Mumbai	Clinical Trail Asst	2012	2014

It is believed that her appointment as Head – Commercial would benefit the Company immensely. The Company was also pursuing

succession planning, and this appointment would enable the organization to train and bring successors over a period of time.

In accordance with the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder and other applicable acts/regulations, the appointment of the relatives of the Director to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees, has to be approved by the members of the Company as an Ordinary resolution.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.8 of the Notice for approval of the appointment of Ms. Soumya Chava as Head-Commercial with effect from June 01, 2023 with a remuneration of ₹ 1.20 Crores and all other benefits as per the Company policy.

The Board recommends the resolution set forth in the Item No. 8 of the Notice for approval of the members.

Except, Dr. Satyanarayana Chava, ED & CEO, Mr. Chandrakanth Chereddi, Non-Executive Director, and Mr.Krishna Chaitanya Chava, Executive Vice President and BU Head-Synthesis - being Father, Spouse and Brother respectively of Ms. Soumya Chava, None of the Directors or Key Managerial Personnel or relatives of Directors and Key Managerial Persons are, in any way, concerned or interested, financially or otherwise, in this resolution.

By order of the Board  
**Laurus Labs Limited**

**G. Venkateswar Reddy**  
Company Secretary

**Regd. Office:**

Laurus Enclave, Plot Office 01,  
E. Bonangi Village,  
Parawada Mandal, Anakapalli District – 531 021  
E-mail: secretarial@lauruslabs.com

Place: Hyderabad  
Date: April 27, 2023

# ANNEXURE

Details of Directors seeking appointment/re-appointment at the 18<sup>th</sup> Annual General Meeting of the Company to be held on July 14, 2023 [Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of the Director	Dr. Satyanarayana Chava	Dr. Chunduru Venkata Lakshmana Rao
Date of Birth	10-03-1961	01-08-1962
Age	62 Years	61 Years
Date of Appointment	21-01-2006	08-03-2018
Relationship with Directors and Key Managerial Personnel	Father-in-Law of Mr. Chandrakanth Chereddi	No Relationship
Expertise in specific functional area*	Pharmaceuticals, Quality, Effective Strategy and Corporate Governance	Quality, Effective Strategy and Corporate Governance
Qualifications	M.Sc., Ph.D.	M.Sc., Ph.D.
Names of Listed Entities from which the Director has resigned in the past three years	NIL	NIL
Board Membership of other companies as on the date of Notice	<ul style="list-style-type: none"> <li>a. M/s. Laurus Bio Private Limited – Director</li> <li>b. M/s. Pharmaceuticals Export Promotion Council of India – Director</li> <li>c. M/s. Immunoadoptive Cell Therapy Private Limited – Nominee Director</li> <li>d. M/s. Laurus Infosystems (India) Private Limited - Director</li> <li>e. M/s. Laurus Holdings Ltd. - Director</li> <li>f. M/s. Laurus Generics Inc. – Director</li> <li>g. M/s. Laurus Generics SA (Pty) Ltd. - Director</li> </ul>	<ul style="list-style-type: none"> <li>a. M/s. Sriam Labs Private Limited – Director</li> <li>b. M/s. Laurus Generics GmbH - Director</li> </ul>
Committees Membership of other companies as on the date of Notice	<ul style="list-style-type: none"> <li>- Risk Management Committee of Laurus Labs Limited – Chairman</li> <li>- Nomination &amp; Remuneration Committee of Laurus Bio Pvt. Limited – Member</li> </ul>	<ul style="list-style-type: none"> <li>ii. Risk Management Committee of Laurus Labs Limited – Member</li> <li>iii. CSR Committee of Sriam Labs Private Limited – Chairman</li> </ul>
Number of equity shares held in the Company as on the date of Notice	124126740 Shares representing as Managing Partner on behalf of NSN Holdings (Partnership Firm)	1,34,50,145

\* For additional details on skills, expertise, knowledge and competencies of Directors, please refer to Corporate Governance Report forming part of the Annual Report

## Notes:

- Information pertaining to remuneration paid to the Directors who are being appointed/ re-appointed and the number of Board Meetings attended by them during the year 2022-23 have been provided in the Corporate Governance Report forming part of the Annual Report.

# GLOSSARY OF TERMS

Abbreviation	Expansion of Abbreviation
ABRA	Activity Based Risk Assessment
AGR	All Glass Line Reactors
ANDA	Abbreviated New Drug Application
ANVISA	Agência Nacional de Vigilância Sanitária
API	Active Pharmaceutical Ingredient
ARV's	Anti-retroviral
BRSR	Business Responsibility and Sustainability Report
CAGR	Compound Annual Growth Rate
CAR-T	Chimeric Antigen Receptors
CDMO	Contract development and manufacturing Outsourcing
CEO	Chief Executive Officer
CFO	Chief Financial Officer
cGMP	Current Good Manufacturing Practice
CGT	Cell and Gene therapy
CMO	Contract Manufacturing Organisation
CNS	Central Nervous System
CNS	Central Nervous System
CO2	Carbon Dioxide
CoC	Code of Conduct
CRAMs	Contract Research and Manufacturing
CSR	Corporate Social Responsibility
DCGI	Drug Controller General of India
DJSI	Dow Jones Sustainability Index
DMF	Drug Master Files
DNA	Deoxyribonucleic Acid
DP	Drug Product
DS	Drug Substance
EHS	Environmental, Health & Safety
EIR	Establishment Inspection Report
EMA	European Medicines Agency
ESG	Environment Social and Governance
ESOP	Employee Stock Option
FDF	Finished Dosage Formulations
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FY	Financial Year
GBP	Great Britain Pound
GDUFA	Generic Drug User Fee Act
GHG	Green House Gas
GJ	Giga Joules
GRI	Global Reporting Initiative
GST	Goods and Services Tax
HAZOP	Hazard Operability
HIV	Human Immunodeficiency Virus
HPAPIs	Highly Potent Active Pharmaceutical Ingredient
IBEF	India Brand Equity Foundation

Abbreviation	Expansion of Abbreviation
ICAI	Institute of Chartered Accountants of India
ICRISAT	The International Crops Research Institute for the Semi-Arid Tropics
IEPF	Investors Education and Protection fund
IMS	Integrated Management System
IP	Intellectual Property
IPCC	Intergovernmental Panel on Climate Change
KFDA	Korea Food and Drug Administration
KL	Kilo Litre
KMP	Key Managerial Personnel
KPI	Key Performance Indicators
KSM	Key Starting Materials
LDP	Leadership Development Program
LODR	Listing Obligations and Disclosure Requirements
MDP	Management Development Program
MHRA	Medicines and Healthcare products Regulatory Agency
MSCI	Morgan Stanley Capital International
MW	Megawatt
NCEs	New Chemical Entities
NDA	New Drug Application
NGO	Non-Governmental Organisation
NPPP	National Pharmaceutical Pricing Policy
OAVM	Other audio-visual means
ODF	Oral Dispersible Film
OSD	Oral Solid Dose
PMDA	Pharmaceuticals and Medical Devices Agency
PPIs	Proton Pump Inhibitors
QMS	Quality Management System
R&D	Research & Development
RCP 4.5	Representative Concentration Pathway 4.5
ROCE	Return on Capital Employed
ROE	Return on Equity
ROW	Rest of World
SBTi	Science Based Targets Initiative
SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zone
SMB	Simultated Moving Bed
SOP	Standard Operating Procedure
SSP 2	Secondary Spontaneous Pneumothorax 2
TGA	Therapeutic Goods Administration
TTD	Tirumala Tirupati Devasthanams
US FDA	US Food & Drug Administration
USD	US Dollar
VFD	Variable Frequency Drive
WHO	World Health Organization
ZLD	Zero Liquid Discharge







# CORPORATE INFORMATION

## Directors

### Dr. Venugopala Rao Malempati

Non-Executive Chairman and Independent Director

### Dr. Satyanarayana Chava

Executive Director and CEO

### Mr. V.V. Ravi Kumar

Executive Director and CFO

### Dr. C.V. Lakshmana Rao

Executive Director

### Mr. Chandrakanth Chereddi

Non-Executive Director

### Mrs. Aruna Bhinge

Independent Director

### Dr. Rajesh Koshy Chandy

Independent Director

### Dr. Ravindranath Kancherla

Independent Director

## Auditors

### M/s. Deloitte Haskins & Sells LLP

Chartered Accountants  
KRB Towers, Plot No. 1 to 4 & 4A  
1st, 2nd & 3rd Floor, Jubilee Enclave  
Madhapur, Hyderabad – 500 081

## Bankers

State Bank of India  
Bank of Bahrain & Kuwait B.S.C.  
CITI Bank NA  
HDFC Bank Limited  
Hongkong and Shanghai Banking Corporation (HSBC)  
J.P. Morgan Chase Bank N.A.  
RBL Bank Limited  
Axis Bank Limited  
MUFG Bank Limited  
DBS Bank India Limited

## Manufacturing Facilities

### Registered Office

Laurus Enclave, Plot Office 01,  
Edulapakabonangi Village, Parawada  
Mandal, Visakhapatnam, Anakapalli,  
Andhra Pradesh, 531021

### Corporate Office

2nd Floor, Serene Chambers, Road No.7,  
Banjara Hills, Hyderabad, Telangana, 500034

### Unit 1

Plot No 21, J N Pharma City, Parawada  
Village and Mandal, JN Pharmacy, Paravada  
Industrial Area, Anakapalli, Andhra Pradesh,  
531021

### Unit 2

APSEZ, Unit-2, Plot No 19, 20 and 21,  
Gurajapalem Village, Rambilli Mandal,  
Atchutapuram APSEZ, Anakapalli, Andhra  
Pradesh, 531011

### Unit 3

Plot No 18, J N Pharma City, Parawada  
Village and Mandal, JN Pharmacy, Paravada  
Industrial Area, Anakapalli, Andhra Pradesh,  
531021

### Unit 4

Plot No 25, 25A To 25 K, APSEZ Denotified  
Area, Lalamkoduru Village, Rambilli Mandal,  
Atchutapuram APSEZ, Anakapalli, Andhra  
Pradesh, 531011

### Unit 5

Plot No 102 and 103, Visakha Pharmacy  
Limited SEZ, Lemarth Village, Paravada  
Industrial Area, Anakapalli, Andhra Pradesh,  
531019

### Unit 6

Plot No 22 D and 22 E, Denotified Area  
APSEZ, Gurajapalem and Lalamkodur  
Villages, Rambilli Mandal, Atchutapuram  
APSEZ, Anakapalli, Andhra Pradesh, 531011

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

Plot No.DS 1&2, IKP Knowledge Park,  
Genome Valley, Shamirpet Mandal,  
Turkapally, Medchal-Malkajgiri, Telangana,  
500101

## Subsidiaries

### Laurus Bio Private Limited

#### Registered Office and R1 Facility:

Plot No-204 & 237, Bommasandra-  
Jigani Link Road, KIADB Industrial Area,  
Bangalore-560105, Karnataka, India

#### R2 Facility:

Plot No 114, Vasanthanarasapura, 2nd  
Phase, Industrial Area, Yalladadllu, Kora Hobli,  
Tumakuru Taluk, Karnataka, India, 572102

### Laurus Synthesis Private Limited

#### Manufacturing Unit:

Plot No. 74B, Jawaharlal Nehru Pharma City,  
Parawada, Visakhapatnam –531 021, Andhra  
Pradesh, India

#### Registered Office:

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

### Sriam Labs Private Limited

Sy No. 505, Padamati Somaram Road,  
Bibinagar (Village & Mandal),  
Yadadri Bhuvanagiri District,  
Telangana-508126

### Laurus Specialty Chemicals Private Limited

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

### Laurus Holdings Limited

Unit 32, City Business Centre,  
Hyde Street, Winchester Hants,  
United Kingdom, SO23 7TA

### Laurus Generics SA (Pty) Ltd.

Building 8 Healthcare Park, Woodlands Drive,  
Woodmead, Gauteng, 2191

## Step-down Subsidiaries

### Laurus Generics Inc.

200 Bellevue Parkway, Suite 210  
Wilmington, County of New Castle  
United States of America, 19809

### Laurus Generics GmbH

C/o. Alfred E. Tiefenbacher  
Van-Der-Smissen-Strasse 1  
Hamburg, DE, 22767

## Associate Companies

### Immunoadoptive Cell Therapy Private Limited

CM-05, SINE Office, 3rd Floor, CSRE  
Building, IIT Bombay, Powai, Mumbai City,  
Maharashtra, India, 400076

### Ethan Energy India Private Limited

9th Floor, My Home Twitza, Plot No 30/A,  
TSIIC Hyderabad Knowledge City, Raidurg,  
Hyderabad, Telangana, India, 500081



**Corporate Office**

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

**Phone:** +91 40 3980 4333

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**Website:** [www.lauruslabs.com](http://www.lauruslabs.com)

**CIN:** L24239AP2005PLC047518

