Knowledge . Innovation . Excellence

We promise.
We deliver.

Laurus Labs Limited

Annual Report 2020-21

Contents

2020-21 highlights

Financial

₹4,814 cr
Revenue
70%

₹1,573 cr
EBITDA
176%

₹984 cr
Profit after tax
286%

y-o-y growth

page 10

Environment

2,273 MT
Waste recycled

12,23,192 KL
Water consumed

1,80,522 Mwh
Energy consumed

page 28

Social

88 %
Average rate of training for employees

₹5.82 cr
CSR spend

260
Customers served

page 30

Governance

50 %
Independent Directors on the Board

89 %
Average attendance rate in Board meetings

59
Median Director age

page 34

We promise.
We deliver.

Ever since we began our journey, we at Laurus Labs have consistently leveraged opportunities to build a sustainable and value-creating enterprise. The result is that we have now emerged as a leading integrated research and development ('R&D') driven pharmaceutical and biotechnology company in India.

We have been moving up the value chain into formulations, and have invested in developing products and building facilities to meet the most stringent regulatory expectations. We expect the formulation business to gain further momentum led by higher capacity/ANDA pipeline build-up for the US market.

Our strong presence in the different therapies, consistency in compliance, and forward integration into formulations business have cemented the position as an integrated niche pharma player. Moving forward, we are convinced that with the right people, coupled with a culture of innovation, we will continue to deliver sustainable and balanced growth. With our core strengths reinforced, we stand reaffirmed to our promise to deliver on our purpose of building long-term value.

We deliver on our promise of quality healthcare through:

A strong product portfolio

page 14

Modern manufacturing facilities

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Robust R&D and unwavering focus on quality

page 18

We are passionate. We exceed quality benchmarks. We transform patients' lives.

Who we are

Improving health outcomes globally

Laurus Labs is a fully integrated pharmaceutical and biotechnology company, with a leadership position in generic Active Pharmaceutical Ingredients (APIs) and major focus on anti-retroviral, Hepatitis C, and oncology drugs. Today, we are one of the leading suppliers of APIs in the ARV therapeutic area for multinational pharmaceutical companies across different parts of the globe.

We also develop and manufacture oral solid formulations, provide contract research and manufacturing services (CRAMS) to other global pharma companies, and produce specialty ingredients for nutraceuticals, dietary supplements and cosmeceuticals. With our strong R&D and innovation capabilities, we work towards improving manufacturing process efficiencies and backward integration strategy to maintain cost competitiveness. Our aim is to improve access to quality and affordable healthcare globally, while conducting our business ethically and with utmost respect for the environment and communities.

We completed 15 years of offering integrated solutions, and helped thousands of people globally to lead a healthy life.

Vision

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

Mission

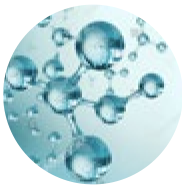
We constantly strive for innovation to enhance quality and to provide affordable integrated pharmaceutical solutions to facilitate wellness and well-being across the globe.

Business areas

At Laurus Labs, we operate under four business units covering a wide range of therapeutic applications

Laurus Generics - API - Development, manufacture and sale of APIs and advanced intermediates

Laurus Generics - Finished Dosage Form (FDF) - Development and manufacture of oral solid formulations



Laurus Synthesis - Key starting materials, intermediates and APIs for New Chemical Entities (NCEs)

Laurus Bio - Recombinant products - animal origin free products for safer and viral free bio manufacturing

Values

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

Integrity: Stand up always for what is right

Care: Be diligent, safe and sensible

Key strengths

Robust R&D capabilities and process chemistry skills

Our advanced process chemistry skills, manufacturing process efficiencies and backward integration strategy set us apart from our peers. Our research-first approach has been critical to our success and a differentiating factor in the industry. Our strong R&D competencies enable us to improve our existing products and make inroads in areas with significant growth potential.

Cutting-edge facilities

We have seven modern manufacturing facilities in Visakhapatnam, one API facility in Bibinagar near Hyderabad and a Kilo Lab facility in R&D Centre, Hyderabad. Our facilities have been certified and approved by USFDA, WHO, NIP Hungary, KFDA, COFEPRIS, PMDA, ANVISA, and JAZMP. They allow us to develop high-quality, affordable cures to challenging diseases. We are also able to adopt uniform manufacturing standards across all our facilities to achieve standardised product quality for all our markets.

Extensive collaboration and longstanding partnerships

Our expanding product portfolio, cost-effective healthcare solutions and technical expertise have won us long-standing relationships with multinational pharmaceutical companies. Our top 5 customers have been with us for several years and contribute to a major share of our revenue – which has been growing annually over the last three years.

Robust compliance

We have progressively reinforced our compliance with the demanding standards in regulated markets. We continue to strengthen our compliance culture through consistent investments in people, technologies and processes.

Strong leadership at the helm

The team at Laurus Labs is led by qualified and experienced promoters and key managerial personnel, who have extensive knowledge and understanding of the global generic pharmaceutical and bio-pharma business.

Numbers that define us

292
Patents filed

150
Patents granted

61
Drug Master Files (DMFs)

60+
Products commercialised since inception

4,638 KL
Reactor volume

750+
Scientists at our R&D centres

Top 10
Global generic pharmaceutical companies served

27
ANDAs

Business overview

Leveraging integration to create value across businesses

We offer a broad and integrated portfolio of products and services to the global pharmaceutical industry. The journey from APIs to formulations to synthesis businesses is the outcome of our integrated strategy, which we have successfully executed in all these years. Our four business units cover a wide range of therapeutic applications across the product value chain.

Laurus Generics – API

- Development, manufacture and sale of APIs and advanced intermediates
- Leaders in various high-value and high-volume APIs with a sizeable global market share
- High potent manufacturing units

54%
Revenue contribution

Product and service offerings

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

Filings

- Commercialised 60+ products
- Filed 61 DMFs

Infrastructure

- Four manufacturing facilities, (4,186 KL) (1) (2)
- ~1,000 KL under expansion

2020-21 highlights

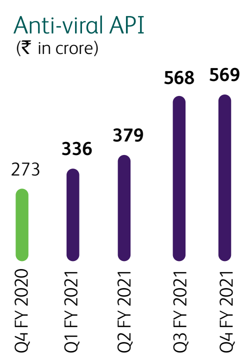
- Filed 292 patent applications and 150 patents granted
- Strong ARV API sales and market share gain in first line treatment

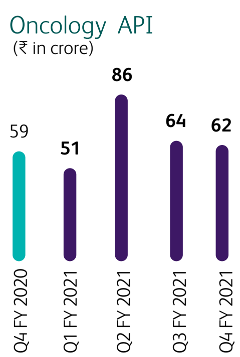
Performance review

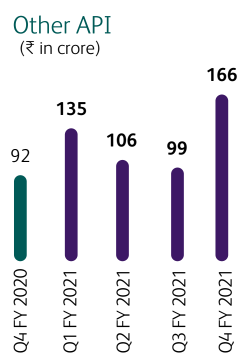
The Generic API division showcased a robust growth of 61% y-o-y due to increased focus of diversifying into new therapy areas. The anti-viral API business recorded a healthy growth of 70% with ₹1,852 crore sales. The growth was led by higher volumes for all key first-line APIs. Second-line ARV APIs continued to see healthy sales. Due to the demand increase from third-party API sales, we are expanding capacities for key APIs in the coming year.

Oncology APIs showed 25% growth y-o-y increased by ₹52 crore with a total sales ₹263 crore.

Other API sales stood at ₹506 crore, marking a sales growth of 56% over 2019-20 due to higher contract manufacturing orders from Europe.







(1) Includes ingredients products, excluding Unit 2 API and Kilo lab capacity

(2) APIs, Ingredients and Synthesis (other than Aspen supplies) are manufactured at Units 1, 3, 4 and 6

Laurus Generics – FDF

- Development and manufacturing of oral solid formulations for low and middle-income countries (LMIC), North America and European Union (EU) markets
- Backed by in-house API strengths

35%
Revenue contribution

Product and service offerings

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

Filings

- Filed 27 ANDAs with USFDA, and nine final approvals and eight tentative approvals
- Completed validation of two products
- Filed 12 dossiers in Canada, nine in Europe, eight with WHO, two in South Africa, two in India and 14 in rest of the world (RoW)

Infrastructure

- Capacity of 5 billion units/year
- Capacity enhancement to 10 billion units/year in progress

2020-21 highlights

- Commenced marketing of in-licensed products in the US by leveraging our frontend
- Completed three product validations for formulation
- Strong demand in ARV segment for LMIC region

Performance review

During the year, this division achieved sales of ₹1,664 crore showing a growth of 102% y-o-y backed by a higher quantum of launches in the US as well as opportunities from in-licensing of products. The business witnessed growth in LMIC, in the developed markets of North America and EU, as well as in RoW markets.

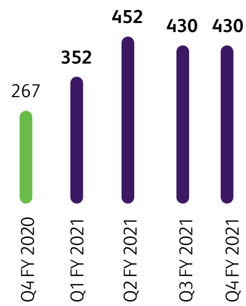
Strong order book in all geographies

RoW Markets
Launched TLE400 in the LMIC market

North America
Sales were driven by increased volumes in the US

Europe
Entered into a long-term partnership with a leading generic player in EU region for contract manufacturing opportunities

Generic FDF Division
(₹ in crore)



Business overview

Laurus Synthesis

- Contract development and manufacturing services for global pharmaceutical companies and several late-stage projects
- Steroids and hormone manufacturing capability
- Sale and manufacture of specialty ingredients for use in nutraceuticals, dietary supplements and cosmeceutical products with natural extraction capability

11%

Revenue contribution

Product and service offerings

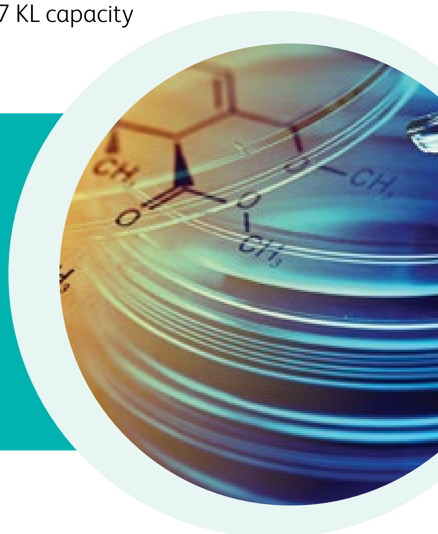
- Commercial scale contract manufacturing
- Clinical phase supplies
- Analytical and research services
- Nutraceuticals, dietary supplements and cosmeceutical products

Filings

- API validation planned in Unit 5
- Custom development of ophthalmic portfolio initiated
- Laurus Synthesis Pvt. Ltd. (LSPL) – API validations planned

Infrastructure

- Dedicated manufacturing (Unit 5) – 137 KL capacity for steroidal and hormonal intermediates
- A dedicated block set up in Unit 4 for high-potent phytochemical APIs
- LSPL – 147 KL capacity



2020-21 highlights

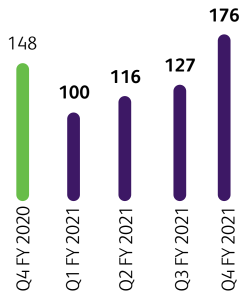
- 50 active projects in the Contract Development and Manufacturing Organisation (CDMO) division
- State-of-the-art cGMP facilities to manufacture new chemical entities (NCEs) and Intermediates
- Commercial supplies on-going for four products
- Expanded client base - Added two big pharma companies

Performance review

We recorded a growth of 35% during the year, achieving sales of ₹519 crore due to client additions and increasing commercialisation of products.

Synthesis (CDMO) Division

(₹ in crore)

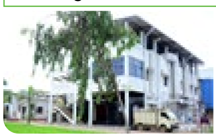


Note: During the year, we acquired 72.55% stake in Richcore Lifesciences from two private equity funds and the company has been renamed Laurus Bio Private Limited. We closed the transaction in the month of January 2021.

Facilities

Delivering quality at scale

Our state-of-the-art facilities enable us to develop quality and affordable medicines. We currently have seven manufacturing facilities in Visakhapatnam, Andhra Pradesh, one API facility in Bibinagar near Hyderabad and a Kilo Lab at our R&D centre, Hyderabad. At seven of these facilities, we manufacture drug substances and one facility is well-equipped to manufacture both drug products and drug substances.

		Function	Capacity	Approvals granted
IKP Knowledge Park, Genome Valley, Turkapally				
	**Kilo Lab**	Commercialised in 2006, this facility deals in pre-commercialisation activities for APIs, ingredients, custom synthesis and contract manufacturing	43 reactors and 4.3 KL capacity	USFDA, KFDA and PMDA
Jawaharlal Nehru Pharma City, Visakhapatnam				
	**Unit 1**	Commercialised in 2007, this facility deals with API and includes capacity for ingredients, synthesis and contract manufacturing	328 reactors and 1,226 KL capacity	USFDA, WHO – Geneva, NIP – Hungary, KFDA, COFEPRIS, PMDA, ANVISA
	**Unit 3**	Commercialised in 2015, this facility deals with APIs and includes capacity	259 reactors and 1,982 KL capacity	USFDA, WHO – Geneva, NIP – Hungary, COFEPRIS, KFDA, ANVISA and JAZMP – Slovenia
	**Unit 5**	Commercialised in 2017, this is a dedicated hormone and steroid facility for Aspen	46 reactors and 137 KL capacity	
	**Laurus Synthesis Private Limited**	API manufacturing facility and includes capacity for ingredients, synthesis and contract manufacturing	50 reactors and 156.73 KL capacity	CDSCO, WHO GMP by CDSCO, PMDA, EDQM, FAMHP and MFDS
APIIC, Atchutapuram, Visakhapatnam				
	**Unit 2**	Commercialised in 2017, this facility deals with FDFs and APIs	FDF – 5 billion tablets/capsules; capacity expansion initiated and will be operational by the end of FY 22 API – 12 reactors and 83 KL capacity	BVG Hamburg Germany, USFDA, WHO – Geneva, and JAZMP – Slovenia and various African countries
	**Unit 4**	Commercialised in 2018, this facility deals with APIs and includes capacity for ingredients, synthesis and contract manufacturing	54 reactors and 221 KL capacity	WHO, USFDA and COFEPRIS – Mexico
	**Unit 6**	Commercialised in 2018, this facility deals with APIs (largely manufacturing intermediates for captive consumption)	68 reactors and 758 KL capacity	USFDA
Bibinagar, Yadadri Bhuvanagiri District, Telangana				
	**Sriam Labs Private Limited**	API manufacturing facility and includes capacity for intermediates and contract manufacturing	32 reactors and 81.63 KL capacity	WHO GMP by CDSCO

Journey

15 years of patience, diligence, and perseverance

We started our journey in 2005 and have yielded promising progress in this one-and-half decade. Today, we are among the world's leading manufacturers of active pharmaceutical ingredients (API) for anti-retroviral (ARV), oncology, cardiovascular, antidiabetics, anti-asthma, and gastroenterology. We cater to the requirements of several Indian and global pharmaceutical companies.

Capabilities	2006-11	2011-16	2016-21
Description of Company	ARV API Company	API Company	Pharmaceutical Company
Team strength	883	2,266	4,808
Manufacturing units	1	2	8
Reactor volume (KL)	220	1,870	4,638
Formulations OSD billion	-	2	5
DMFs	12	28	61
ANDAs - Total filed			27
- Para IV			2
- First to file			7
Patents – Filed	48	218	292
Granted	-	25	150
USFDA approved manufacturing sites	1	2	5

COVID-19 response

Responding with agility to COVID-19

As the COVID-19 pandemic continues to impact people and communities around the world, the health and safety of our people and the millions who count on our medicines remains our top priority. We actively concentrated on applying best practices and realigned our business to respond appropriately in the fight for the prevention and containment of COVID-19.

Business continuity

- Focused execution on managing manufacturing, supply chain to ensure adequate stock of materials, timely supplies and future capacity enhancements
- Set up a dedicated team to ensure real-time assessment of liquidity position and eliminate inefficiencies

Protecting our employees

Throughout the pandemic, Laurus Labs demonstrated commitment to ensure the safety of its employees and business continuity for its customers and partners.

- Set up an Executive Council to ensure safety of employees and their family by taking precautionary measures; social distancing, sanitisation drive across plants and offices
- Additional buses provided to maintain physical distance
- Creation of company-wide COVID-19 online resource center

Our manufacturing sites operated to a high standard of hygiene and, in some cases where required, under sterile conditions. In addition, we implemented measures recommended by health authorities to minimise risk including additional levels of cleaning, enhanced ventilation, and installation of protective barriers.

Community support

As we are committed to sustainable development and being a good corporate citizen, we closely monitored the situation and supported stakeholders who are enduring the challenges presented by the pandemic.

- Donated medicines, safety kits, to the PM CARES Fund and CM Relief Fund to support healthcare ecosystem. Food, groceries and sanitisation support was given to the communities in need in Andhra Pradesh, Telangana and Kerala

Key performance indicators

Making robust progress

The year showcased stellar performance due to right vision and strategy of leadership, efficient execution by operational team, and support of dedicated employees and other committed stakeholders of the company.

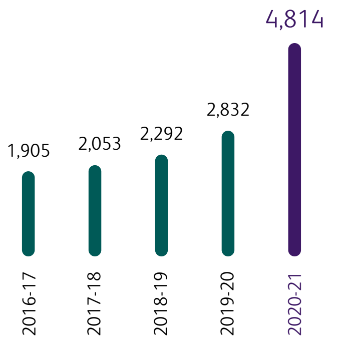
Profit and loss metrics

5-year CAGR

Net Sales

(₹ in crore)

26 %

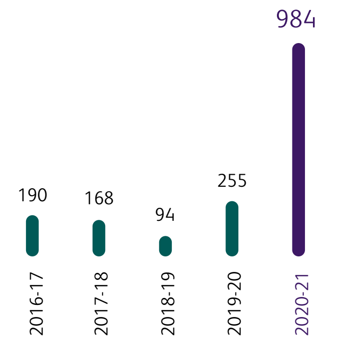


Net sales showed growth of 70 % as all divisions delivered strong performance

Net Profit

(₹ in crore)

51 %

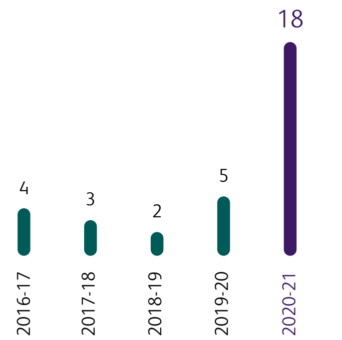


Net profit showed a growth of 286 % driven by operational efficiencies and reduction in finance cost

Diluted EPS

(₹)

46 %

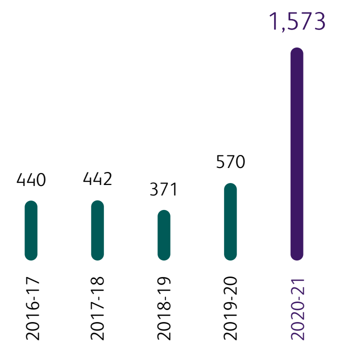


EPS increased by 260 % during 2020-21 despite COVID-19 disruptions

EBITDA

(₹ in crore)

38 %



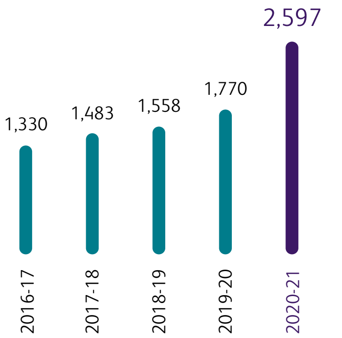
EBITDA grew by 176 % on account of operating leverage, better mix and prudent cost management initiatives

Balance sheet metrics

5-year CAGR

Net worth
(₹ in crore)

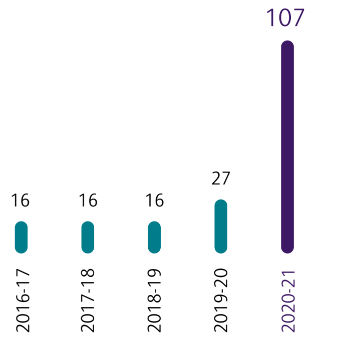
18 %



Net worth increased by 47 % reinforcing our commitment to enhance shareholder value

Dividend amount
(₹ in crore)

61 %



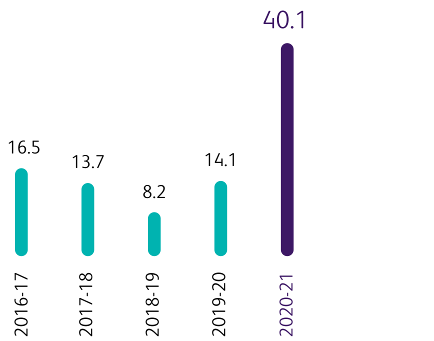
Dividend stood at ₹107 crore

Ratios

Debt equity ratio
(X)

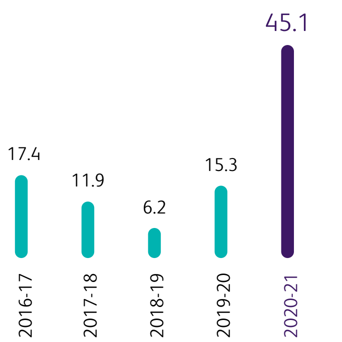
The debt-to- equity ratio is 0.56 in 2020-21 versus 0.60 in 2019-20.

Return on Capital Employed
(%)



Return on capital employed stood at 40.1 % in 2020-21 as compared to 14.1 % in 2019-20 due to operational leverage and higher asset utilisation

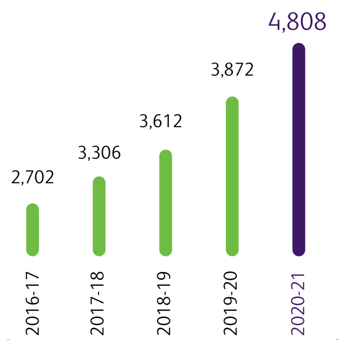
Return on Equity
(%)



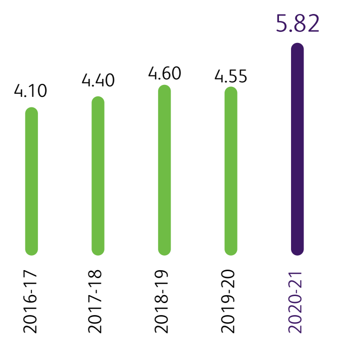
Return on equity stood at 45.1 % due to increase in profitability and efficient usage of capital

Social metrics

Total workforce
(No.)



CSR spend
(₹ in crore)



CEO's message

Delivering excellence in healthcare

We leveraged our strong backward integration and demonstrated commendable execution capability in the formulation segment.

Dr. Satyanarayana Chava
Chief Executive Officer

Dear Shareholders,

The COVID-19 pandemic has rendered a severe blow to societies, economies and the healthcare industry. For us at Laurus Labs, the situation has been challenging. However, we remain unbowed and unshaken, and are confident of continuing on our high-growth path.

Building on our strong foundation

We leveraged our strong backward integration and demonstrated commendable execution capability in the formulation segment, growing 165x from ₹5 crore to ₹825 crore from 2018-19 to 2020-21. The majority growth came from tender-driven opportunities via participation in global fund, PEPFAR and various in-country African tenders. To scale up this segment and cater to new players, we plan to double the capacity to 10 billion units per annum over the next 18 months. Growth in APIs has been strong with the launch of first-line products. Other APIs (anti-diabetic, CNS and PPI) are expected to be key growth drivers due to a robust orderbook and large capacity addition by the end of next year. With a dedicated R&D centre and manufacturing units, we are well positioned to meet the rising demand for NCE drug substances and drug products. We are in the process of setting up a dedicated R&D centre and greenfield manufacturing capacity for Laurus Synthesis Private Limited to support future growth.

Financial performance and shareholder returns

We performed well in 2020-21 with good revenue growth and an improvement in the core profitability. Our consolidated revenues stood at ₹4,814 crore, as against ₹2,832 crore in 2019-20. Our EBITDA grew by 176% to ₹1,573 crore vis-à-vis ₹570 crore in the previous year. Our PAT grew by 286% to ₹984 crore against ₹255 crore in 2019-20.

During the year, we acquired a 72.55% stake in Richcore Lifesciences from two private equity funds, Eight Roads and Ventureast. The acquisition is aimed at diversifying and entering high-growth areas of recombinant animal origin free products, enzymes as well as building biologics to CDMO at scale. The company has been renamed as Laurus Bio Private Limited and the current promoters will continue to be on the executive board and run the day-to-day management of the Company. We are on course of commissioning large scale fermentation capability. We are also planning to acquire additional land for further expansion by creating close to million litres fermentation capacity.

All the four businesses have a robust growth outlook driven by improving demand and supported by capacity expansion plans lined up. We are enhancing our current portfolio, stepping up R&D activity and strengthening and expanding manufacturing capabilities. The synthesis business is expected to stage a strong growth over the next 2 years with sustained new client additions. Laurus Bio is also expected to grow substantially over the next 4-5 years and would make us a fully integrated player in the pharmaceutical and biotechnology space.

₹984 cr
Profit After Tax
286% (y-o-y growth)

Investing in growth

We are seeing improved footing in our formulation segment, apart from the tendering business, and are expanding capacities to meet the demand. Our brownfield expansion project for the formulation segment will be operational in a phased manner from August 2021 and will be fully operational by the end of 2021-22. We are also planning to add a block for High Potency API (HPAPI) to support growth in the Synthesis segment which is driven by new client additions and increasing commercialisation of products.

Environmental, social and governance (ESG) objectives

The Board is committed to the promotion of strong ethical, environmental and corporate social responsibility principles. We are focused on playing our part in addressing the risk of climate change and the protection of the environment and we are engaging with our stakeholders to ensure they also put sustainability first. We report accurately to shareholders and follow relevant laws and regulations in the jurisdictions where we operate. Through increased transparency and disclosures, as well as efficient operations, we have been able to garner and maintain this trust.

All the four businesses have a robust growth outlook driven by improving demand and supported by capacity expansion plans lined up.

We ensure that all effluents are treated properly before being released into the environment. Our operational efficiency allows us to use resources conservatively and reduce waste. We also track our energy and water use closely and are working towards cutting down on both over a period of time. Our governance and risk processes are geared up to keep us informed and prepared for the risks that we face.

Quality and reliability

A founding principle of Laurus Labs is the importance we place on quality and reliability. Our customers trust us to deliver high-quality and affordable medicines when they need them. In recent years we have invested significantly to ensure we maintain this quality and reliability as we grow. We responded quickly at the outset of the pandemic, adapting our ways of working to adopt social distancing at our facilities. Laurus' emphasis on automation and quality control has ensured a good compliance track record. Across all our manufacturing sites, we have put in place quality systems that cover all areas of business processes from supply chain to product delivery, to ensure consistent quality, efficiency and safety of products.

Communities and our responsibility to give back

Fulfilling our purpose of putting better health within reach every day is not only about providing medicines. We have a strong legacy of supporting the communities in which we live and work, and in 2020-21 these efforts were particularly important.

Towards a hopeful future

Before I conclude, I would like to extend my gratitude to the amazing people at Laurus Labs who are passionate about what they do. They ensured a steady supply of vital medicines for patients across our markets during these tough times. It is their commitment that helped us sail through and instils in us an unwavering confidence of success in the upcoming years. I would also like to thank our customers and shareholders for the confidence they have placed in us.

As I write this letter, the world is still in the grips of the pandemic; yet we have reasons to be hopeful. The pandemic has shown us the possibilities we can create when human resilience and medical innovation come together. Laurus Labs will continue to deliver on its promise of offering high-quality and affordable healthcare for millions around the world. We are well-positioned in an attractive, robustly growing industry, where we have leadership, scale and diversification across products, geographies, and markets. Along with the right team and strategy, we are confident of delivering long-term sustainable growth for all our stakeholders.

Sincerely,

Dr. Satyanarayana Chava
Chief Executive Officer

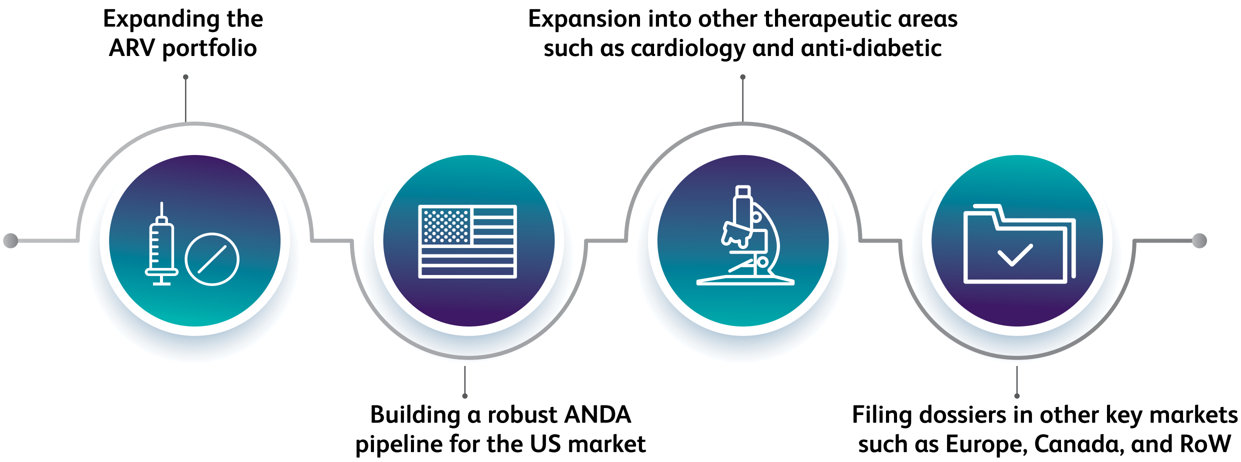
We promise. We deliver through a strong product portfolio.

Since inception, we have followed the 'research-first' approach, which has been critical to our success in the past and will drive our growth in the future.

We have steadily invested in a wide range of innovation for a robust, diverse and differentiated product portfolio. We invest in R&D to develop difficult-to-manufacture products across multiple therapeutic areas in a cost-effective manner.

Formulations to be the main growth engine

In order to supplement future growth, capex plans are already under way to increase capacity by 1.8x by 2022. We are also developing a robust generic pipeline for the developed markets. We have entered a partnership with a European generic player for contract manufacturing. To scale up this segment and cater to other players, we plan to double the capacity to 10 billion units per annum over the next 18 months. The growth will be driven by:



APIs

We are one of the leading suppliers of anti-retroviral APIs and intermediates in the world and plan to further strengthen our capabilities in this area by focusing on:

Oncology: We plan to strengthen our global leadership in current products by focusing on high potent molecules

Other APIs: We will focus on key therapeutic segments such as anti-diabetic, PPIs and CNS products commercialised for contract manufacturing opportunities

ARV APIs: Growth will be driven by introduction of second-line products, maintenance of existing product portfolio, launch of new first-line products – Lamivudine and Dolutegravir, and supply of APIs to EU and North America

Custom synthesis

The custom synthesis business witnessed improved traction with revenues growing strongly during the year. Going ahead, the growth is expected to sustain supported by client additions and increasing commercialisation of products. We have incorporated couple of subsidiaries to cater to the future requirements. Moreover, to cater to the increasing demand, we are also expanding capacities.

Richcore acquisition – A step towards strategic diversification

Laurus Labs' recent acquisition in the biotechnology / biologics space – Laurus Bio – is expected to complement our growth strategies and yield substantial synergies. Laurus Bio operates through three distinct revenue streams – biotech, enzymes and CDMO, among which its revenues are equally split. Going ahead, the CDMO segment is likely to be a major contributor to growth as a major portion of the incremental capacities are towards this business.

Laurus Bio will benefit from the dual synergies of Laurus Labs' wide customer base, geographical footprint and strong chemistry skills and Richcore's expertise in biotechnology and fermentation capacity.

We promise. We deliver through modern manufacturing facilities.

At Laurus Labs, we have progressively invested in adding capacities to leverage economies of scale and to ensure adequate supply for our customers.

We continue to expand our manufacturing scale across key segments to leverage the opportunities, maximise our portfolio, and reach out to more customers.

We are intensifying capacities in two stages. The first leg of debottlenecking is expected to be completed by April 2021 and would add up around 15% of the capacities, while the second leg of expansion would be done by December 2021. We will then almost double our formulations capacity. We are also expanding capacities in the form of backward integration of intermediates, additional API capacity for existing products and new products. At the same time, we are acquiring additional land for further expanding the manufacturing capacities and capabilities for Laurus Bio.

The plants are periodically audited by some of the most stringent regulatory agencies of the world - FDA (USA), FDA (Korea), MHRA (UK), TGA (Australia) and WHO-CGMP. The R&D centre is recognised by TGA (Australia), FDA (USA) and FDA (Korea). We adopt uniform manufacturing standards across all the facilities. We also achieve a standardised product quality for all the markets.

Future capacity expansion

Visakhapatnam

Nature	Division	Details	Operational timeline
Brownfield	Formulation	Part of Unit 2 site. The new building for FDF is expected to have a capacity of 4 billion units	FY 2022-23
Brownfield	Formulation	Debottlenecking programme to free up 20% capacity	FY 2021-22
Brownfield	API	Expansion at Units 4, 3 and 6	Ongoing
Greenfield (Two units)	Custom synthesis	Part of newly acquired unit in Visakhapatnam; is undergoing refurbishment	FY 2021-22
Greenfield (Two units)	API	New land acquired and will be used to construct new API facility	FY 2023-24

Hyderabad

Nature	Division	Details	Operational timeline
Greenfield	Formulation	New land acquired and will be used to construct a new FDF facility	Phase 1 – FY 2023-24
Greenfield	R&D centre for Synthesis	New land acquired to construct a new R&D centre	FY 2022-23

We promise. We deliver through robust R&D and unwavering focus on quality

Our focus on R&D and quality helps drive change throughout the business by incorporating innovation, continuous improvement, knowledge and best practices.

Strong R&D capabilities

We continue to prioritise our resources and focus our research activities on diseases within our existing therapy areas where we believe there is the greatest potential to meet patient need. During the financial year, we invested 4% of our revenue on R&D and continue to build support infrastructure.

- Deliver innovative solutions that address unmet medical needs through a patient-centred approach to R&D
- Create new value by building a competitive R&D pipeline in core therapeutic areas
- Focus on increasing R&D productivity by advancing initiatives for the short, medium, and long term
- Higher intensity of research spends as a proportion to sales to result in broader portfolio of commercialised products
- Continuous development programmes for established products

A culture of quality and compliance

We believe in delivering one quality standard for all markets. Our excellent track record of superior quality products and regulatory compliance has made us the partner of choice for our customers and patients. To continue our momentum, we undertook the following steps during 2020-21:

- Increased the level of digitisation of operations in our facilities
- Facilitated real-time data monitoring and data management for environmental conditions
- Enhanced quality governance using real-time analytics for greater effectiveness in quality management system (QMS) and trained our team in advanced quality management with specific programmes to identify quality issues, and report and rectify them

Business model

A model delivering on commitments

Through our innovation-driven value creation model, we strive to create new businesses and opportunities for improving patient care.

Inputs

Financial

Investment in R&D and manufacturing facilities enables us to expand our product portfolio, technical capabilities, geographic reach and manufacturing capacity.

Knowhow and intellectual capital

Our competitive advantage is our science and technology. We use our industry-leading capabilities across our sectors to create sustainable solutions. We own patents covering our science, technology and processes.

Relationships

Strong relationships with regulators and health authorities across all our markets, and successful collaborations with industry partners enable us to achieve our growth objectives.

Natural resources

We source raw materials responsibly and use them as efficiently as possible.

Capabilities

We have extensive manufacturing capabilities across global markets, focused on operational excellence and efficiency.

People

We have a highly skilled, diverse and effective workforce. Through continuous training of our people and by hiring new talent, we secure our future development.

Businesses

Laurus Generics – API

Laurus Generics – FDF

Laurus Synthesis

Laurus Bio

Value we create

Patient benefits
- High-quality, affordable medicines
- Innovative in-licensed products
- Products tailored to patient needs

Sustainable financial growth
Delivering consistent, profitable and responsible growth for our investors

Social and economic opportunity
- Enabling hundreds of thousands of people to benefit from the opportunities created by growing along with us, including employees, suppliers and research partners

Environment and local communities
- Focused on managing carbon footprint, offering quality employment opportunities and better health outcomes

Outcomes

Sales growth
70%

Operating profit margin
33%

RoCE
40.1%

Technology leadership through R&D investment
4%

CSR spend
₹5.82cr

Economic value added
₹2,014cr

Lost Time Injury Frequency Rate (LTIFR)
0

Operational carbon footprint (Direct)
1,04,342MT

Operational carbon footprint (Indirect)
4,42,828MT

Operating context

Ready to leverage opportunities

Despite the challenges presented by 2020-21, we remained firm in our resolve to deliver quality healthcare globally. We used our innovative and agile strategic approach to leverage the prospects offered by the complex and ever-changing environment in which we operate.

Changing demographics

The world's population continues to grow and is expected to increase by 2 billion people by 2050. According to the United Nations, the number of people aged 65 and older are expected to double over this period and to make up 16% of the population. This ageing population, as well as a change in lifestyles, is leading to an increase in chronic non-communicable diseases such as heart diseases, cancer and diabetes. Due to increasing urbanisation and improved economic activity, patients are better informed and actively involved in sustaining their health with increasing expectations for access to medicines and surgical procedures.

Changing supply chain

The pharmaceutical supply chain is a global and integrated network developed over many decades. The COVID-19 pandemic has raised questions about the resilience and vulnerability of supply chains. As a result, onshoring, which seeks to strengthen domestic capabilities, is becoming an increasingly common theme as governments look to de-risk their supply chains.

Embracing digital and advanced analytics for accelerated growth

New technologies and scientific innovations are opening new possibilities in integrated healthcare. Digital technology is also enabling new ways to involve with patients and associated healthcare solutions for the prevention, diagnosis and monitoring of diseases. To increase operational efficiency and deliver business and scientific insights across R&D, manufacturing and commercial operations, pharmaceutical companies are increasingly using cloud technology. Furthermore, when Artificial Intelligence (AI) is used to analyse and gain insights from that data, R&D is elevated, clinical trials are optimised and patients achieve expected outcomes.

Pricing and access

In recent years, higher demand for healthcare, predominantly led by an ageing population and chronic illnesses, led to increased pressures on budgets. In addition, COVID-19 has caused a global economic downturn, fast-tracking the need for governments to put in place cost control measures to maintain sustainable healthcare budgets.

Scientific innovation changing the competitor landscape

Innovation in medical sciences and technology continues to evolve, largely focusing on diseases affecting developed countries. New drug development is, however, expensive and takes considerable time with the high rate of new product development failures presenting a significant risk to those companies undertaking R&D activities.

Climate change

Climate change affects social and environmental factors such as health, clean air, safe drinking water, sufficient food, and secure shelter. The pharmaceutical industry depends on the reliable supply of electricity and clean water for its manufacturing processes. There is an increasing belief that companies proactively react to these environmental risks and alter their strategies to address sustainability issues in the broader societal context.

Laurus Labs' approach

As the industry and environment around us continue to remain dynamic, our core strategic intent and delivery methods of business models are put to test.

At Laurus Labs, we are seeking new ways of doing business in the short and long run. We will actively leverage our market insight, and technological and evolutionary expertise to remain relevant and work with speed to explore the new avenues. While maintaining leadership in first-line treatment of drugs, we have swiftly moved up to second-line treatments (Lopinavir, Ritonavir and Darunavir) for HIV-AIDS patients and are progressing towards third-line treatments.

We have a broad product portfolio, high quality operations and a steady stream of new product launches across our markets, which will help us stay resilient to the changing landscape.

Stakeholder engagement

Reaching out for deeper insight

Continuous dialogue with key stakeholders allow us to stay attuned to their expectations, needs and concerns. We embed their feedback into our strategy and business operations, in turn addressing their issues and creating long-term solutions. This helps us create sustainable value and growth for them.

Stakeholder groups	Management approach	Engagement mechanism
Employees	• Best health and safety practices in industry • Continuous learning and development; opportunities for career progression • Invest in employee and family well-being • Creating an inspiring place to work • Establish a business code of conduct • Ensure equality in treatment and opportunities	• Formal induction at the time of joining • Technical and non-technical training programmes • Town hall meetings • Operations review meetings • Quarterly newsletters • Intranet portal • International Safety Day celebrations • Laurus Family Day–an annual cultural extravaganza • Annual sports meet • Programmes and competitions for employees and their families • Grievance redressal mechanism
Bankers, investors and shareholders	• Set up a long-term strategy for growth • Rely on core strengths of R&D to optimise processes • Ensure transparency • Retain strong quality culture	• Annual General Meeting for investors and shareholders • Annual and quarterly financial reports • Investor meets and industry forums presentations • Television and print media interviews • Annual bankers' meet • Quarterly consortium bankers meet • Quarterly investor conference calls • Regulatory and press announcements are on our website • Email announcements
Communities	• Organise CSR activities in the areas of water supply and education	• Direct meets with local representatives • Science exhibitions and health camps • Collaboration with government organisations and NGOs • Science on wheels
Suppliers	• Transparent procurement practices and assessment	• Regular supplier reviews and meets • Global pharma events, seminars and symposium
Customers	• Ensure quality-centricity in core operations • Transparent, ethical and fair communication with customers • Providing complete product safety information to customers	• Customer audits at sites • Regular interaction
Government	• Abide by all applicable laws of land	• Reports • Website • One-to-one interaction • Events • E-mails • Letters
Regulators	• Robust quality management system	• Regulatory audits • Internal plant audits at regular intervals

Our value creation strategy

Prioritising sustainable growth

We continually endeavour to deliver on our purpose of accelerating access to affordable and innovative medicines to people around the world. Our comprehensive approach on this aspect includes increased supply of medicines especially in areas of high market demand, identifying market constraints, restructuring our processes around them, simplification of product portfolio, and reducing manufacturing complexities.

Strategic focus areas

1. Leverage API cost advantage for forward integration into generic FDF

2. Develop the Synthesis business

Key enablers

1. Leverage API cost advantage for forward integration into generic FDF

- ARV tender business from LMIC remains at the forefront of our formulation strategy
- Higher capacity and pipeline build-up for the US market

2. Develop the Synthesis business

- Sizeable revenue generation from Unit 5 for Aspen
- Leverage process chemistry skills to strengthen presence in nutraceutical and cosmeceutical sectors as they adopt quality standards at par with the pharma industry

Progress made during the year

1. Leverage API cost advantage for forward integration into generic FDF

- Participation via global fund tenders such as PEPFAR, WHO and various African in-country tenders
- Launched TLE400 in the LMIC market
- Entered into a long-term partnership with a leading generic player in the EU region for contract manufacturing opportunities
- Commenced marketing of in-licensed products thereby leveraging own frontend

2. Develop the Synthesis business

- Incorporated a wholly owned subsidiary to give increased focus and dedicated R&D manufacturing
- Several new customers added with programmes in various clinical phases
- Working with large global innovator pharmaceutical companies, along with mid and small biotech companies
- Richcore acquisition will help enter the high-growth segments of enzymes and biologics

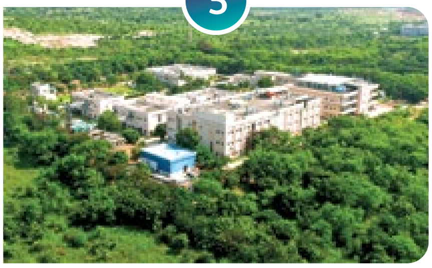
Outlook

1. Leverage API cost advantage for forward integration into generic FDF

- Partnership with global fund offers higher volume contracts with reasonable predictability in the FDF tender business

2. Develop the Synthesis business

- Scale up the business in association with Aspen



3 Capitalise on leadership position in APIs in select high-growth therapeutic areas	4 Expand the API portfolio in other key therapeutic areas	5 ESG integration
• Increase in HIV patient population with revised WHO guidelines • New opportunities in second-line therapies • Backward integration completed for few APIs	• New products added to support commercial launches on patent expiry • Leverage process chemistry skills to expand the API portfolio in other therapeutic areas • Opportunity on offer with global supply disruptions in the market	• Committed to minimising health and safety risks • Development of highly skilled workforce • Conduct business according to the highest ethical and regulatory standards
• Maintained leadership in the current product portfolio • Supply of APIs to EU and North America • Acquired Aspen's South African subsidiary to get a foothold in the world's largest generic-accessible ARV market	• Strengthened global leadership in the current portfolio • Products commercialised for contract manufacturing with EU customers	• Strive to build trust with society through our efforts to operate with integrity • Find new ways to expand patients' access to our medicines • Integrated approach to enterprise risk management and embedded principle-based decision-making framework throughout business activities
• API business to deliver volume growth in key ARV segments	• Robust growth in the other API segment to continue on the back of higher order book visibility from key therapeutic segments such as CVS, anti-diabetic and PPIs	• Aspire to be a leader on ESG topics

Environment

Towards a healthy and green planet

Environmental protection is an important aspect of our sustainability journey. We continuously monitor and minimise our environmental impact through energy and water conservation, waste management and optimal utilisation of resources.

Energy conservation

Energy consumption and energy mix play an important role in designing our manufacturing processes. We have consciously sought to shift a greater part of our energy consumption towards renewable and clean energy sources. All our facilities use energy-efficient LED lighting. We have also introduced energy-efficient machinery such as agitators into the manufacturing process.

Water management

With climate change increasingly causing environmental degradation, India is facing a crisis in the availability of freshwater. Water conservation is essential to combating the depletion of this precious resource and has, thus, ranked high on our list of environmental sustainability goals. We reduce, recycle and reuse the highly pure water we need for our manufacturing processes. Rainwater harvesting is also done in non-production areas such as administrative buildings and cafeterias.

Waste management

We strive to reduce the amount of waste we generate and ensure that what we produce is reused or recycled – either for the same purpose or for a secondary use. Our sites comply with all applicable health, safety and environmental requirements and ensure waste materials are sent for disposal in the most sustainable manner.

We comply with all the local and national regulations, in addition to adopting global standards in safe handling and disposal of emissions and effluents. In addition to direct emissions, we also focus on indirect emissions such as pollution from employees commuting to office etc. Free bus transportation and carpooling help us reduce carbon emissions. We encourage zero food waste in our cafeterias and whatever little gets wasted is processed for use as compost for plantations at our manufacturing facilities.

Our manufacturing facilities are certified under Occupational Health and Assessment Series (OHSAS 18001: 2007) and Environmental Management System (ISO 14001:2015). Wastewater is segregated into high total dissolved solids (HTDS) and low total dissolved solids (LTDS) water before being sent to the common effluent treatment plant (CETP) where it is further treated and disposed as per statutory guidelines.

Yield-improvement programmes

We have a sharp focus on operational excellence from the start. We seek to cut costs, minimise waste and improve efficiency in all our manufacturing processes. In 2020-21, there were yield improvements to the extent of 3%-10% in five different products. These initiatives have long-term cost and ecological benefits.

2020-21 highlights

1,04,342 MT
Operational carbon footprint (Direct)

4,42,828 MT
Operational carbon footprint (In-Direct)

1,80,522 Mwh
Energy consumed

2,273 MT
Waste recycled

12,23,192 KL
Water consumed

Social

Towards employee and community empowerment

Our people and the relationships we build with the communities are the foundations on which we grow and prosper.

Human resources

We are committed to an inclusive workplace that brings out the best in all of us. We respect all employees for their unique expertise and welcome the ideas they bring from their individual experience, education and training. We continually strive to make our operations more efficient, while creating a respectful work environment for each member of our team.

Training and development

A key underpinning of the Laurus Labs' brand is the investment we make in the growth, learning and development of our people. We strengthen our talent pool through learning opportunities, providing the information, tools and other resources employees need to thrive. Our career management approach supports people doing their personal best and enables growth and learning against personal and organisational goals.

Broadly, we conduct the following types of training programmes, facilitated either by internal resources or professional training partners:

We provide functional/technical training based on standard operation procedures (SOPs). The QA team and the departments are responsible for imparting training to all employees emphasising process adherence and maintaining SOP documentation.

We provide on-the-job training, where an employee is made to learn a job by actually doing it. Generally, this is done using the 'coaching/supervision' methodology, where an experienced supervisor trains employees during the course of the work.

The safety department is responsible for imparting training programmes to all employees, stressing the importance of safety measures on the shop floor and their proper usage during emergencies.

Behavioural Competency Development interventions meant to develop individuals' or families' behavioural competencies (as per the competency framework/business needs) and/or to address individual development plans for the purpose of performance management, improving business effectiveness, talent development and employees' career growth.

Management Development Plan (MDP) is aimed at providing the participants with all that is needed to understand their strengths and acquire the skills required to manage and lead teams. The participants are selected from a pool of identified potential leaders from the middle management. These day-long sessions take place once a month over a 10-month duration.

Promoting diversity and inclusion

We are on a mission to drive broader equality, opportunity and progression, while building a culture that values difference and authenticity – which is core to our vision to be an inclusive business.

We are committed to developing an inclusive organisation, where people bring their differences to work each day, fulfil their potential and have a strong sense of belonging because of – and not in spite of – their differences.

We recognise that all diversity factors are important and have set a commitment to increase the diversity at the team level. A diverse team to us is one that represents both gender, nationality and generation diversity. To increase the share of diverse teams, we track and monitor the mix of diversity in all teams at the Director level and above.

Health and safety

Providing a safe and healthy work environment for employees is a core value for us. Our culture of safety sets us apart and is driven by employees and the management at every level.

We adopt a non-negotiable approach to safety compliance. We also recognise that ensuring a safe working environment for everyone is an ongoing process of topmost priority. With skill-based and behavioural safety training, we ensure that everyone is trained on the basics of workplace safety. The manufacturing staff undergoes advanced training by external agencies. Continuous communication from the top management helps create a safety-first culture across the organisation.

Great Place To Work® Certified FEB 2021-JAN 2022 INDIA

Laurus Labs is a Great Place to Work

We collectively conduct ourselves as one team in a manner that best represents our culture of openness, teamwork and pursuit of excellence. We have, thus, been certified as a Great Place to Work for the third consecutive time in a study conducted by the Great Place to Work® Institute.

Corporate social responsibility

Acting responsibly and giving back to the society are integral to the way we do business. We believe in directing resources to provide support and help people improve their lives and livelihoods.

MoU with Krishna University

We have an MoU with Krishna University. Students undergo theoretical training in the first three semesters at the university and pursue internship at Laurus Labs as part of their fourth semester. They earn a monthly stipend of 5,000. Upon completion of the Masters in Science (M.Sc.) degree, we offer fulltime employment for good performers. The intern can either join us or pursue a career elsewhere.

MoU with Gitam University

We signed an MoU with the Gitam University to develop a five-year integrated M.Sc. programme, which combines classroom learning accounting for 75% of the duration with an internship at Laurus Labs that contributes the remaining 25% learning. We reimburse the tuition fee to Gitam and also pay a monthly stipend of 5,000 to students all through the programme. At the end of the programme, based on their performance, the students may be offered fulltime employment at Laurus Labs, which they can pursue, or they may choose to pursue a career elsewhere.

Helping communities

As a responsible corporate citizen, Laurus Labs extended its support to the governments of Telangana and Andhra Pradesh in the fight to save the lives of those affected by COVID-19 and those expected to be affected by the outbreak in both states.

Safe drinking water plants

Laurus installed safe drinking water plants in Munnaluru village in Krishna district and Dibbapalem village in Visakhapatnam district, both in Andhra Pradesh, with capacities of 2,000 litres/hour and 4,000 litres/hour respectively. The plants provide safe drinking water for a population of 1,000 in Munnaluru and 500 in Dibbapalem.

Science on Wheels

Laurus organises several interactive activities at schools to impart scientific knowledge in practical ways. Our initiatives outside the classroom include 'Science on Wheels'—a mobile laboratory that contains equipment to teach students science in fun ways with experiments. In collaboration with the Agastya International Foundation, the company works towards transforming the critical and much-neglected area of primary and secondary education in rural Andhra Pradesh.

Students from the 6th grade to 10th grade are taught by experienced instructors with the help of live models in the mobile van.

Support for education infrastructure

Donated towards 'Nadu-Nedu', an initiative to enhance the education infrastructure in Andhra Pradesh. Under the programme, the government has been improving the infrastructure in schools across the state.

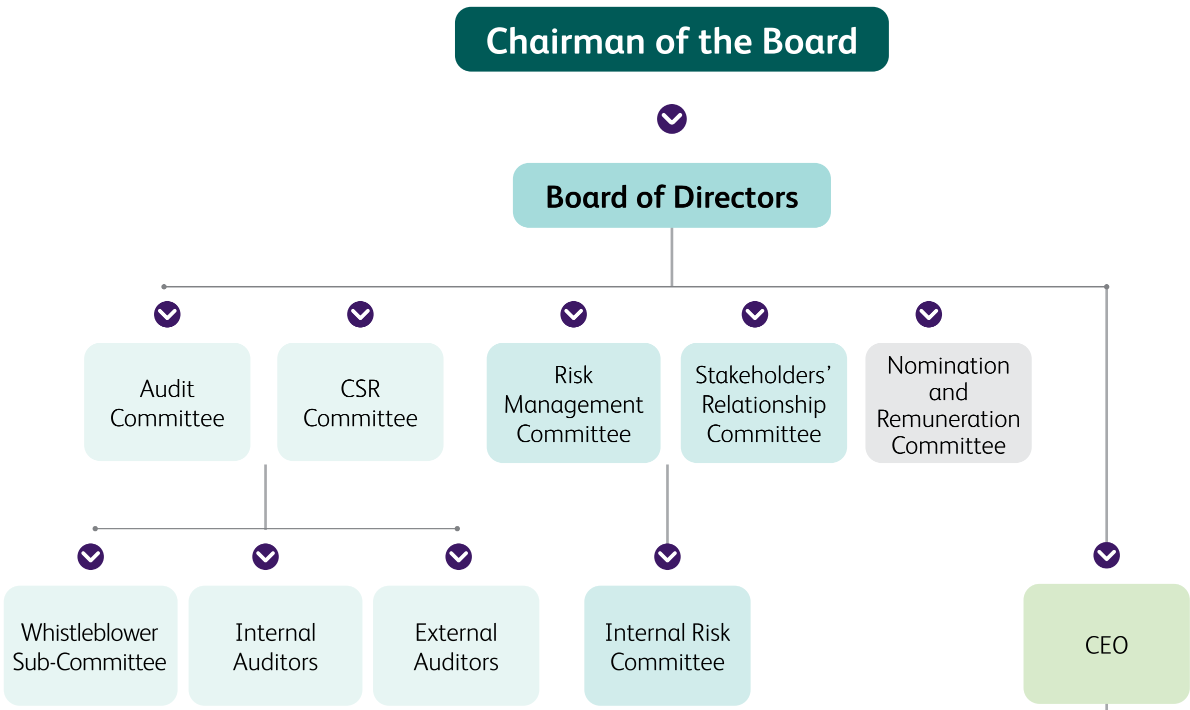
Governance

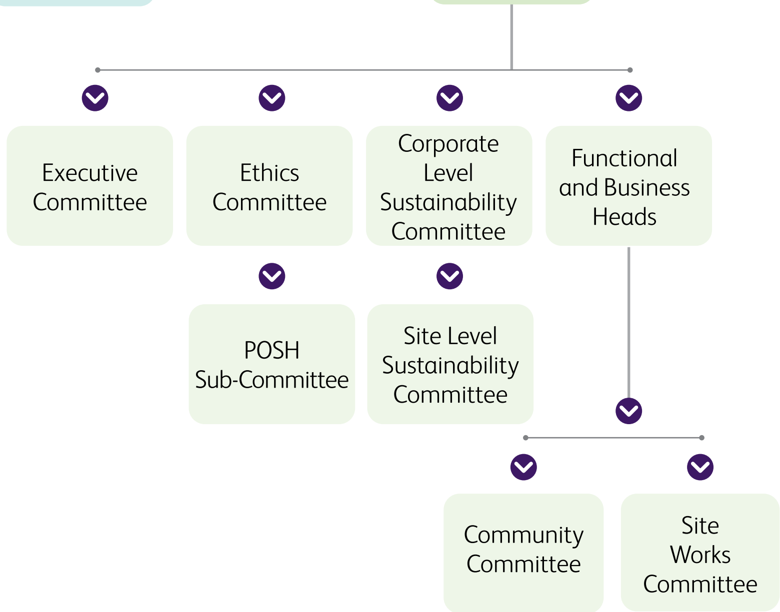
Towards corporate excellence

Corporate governance has always been the cornerstone of our management process. Integrity, transparency, and ethics are crucial to the way we do business. With a decision-making process based on decentralisation, empowerment and meritocracy, we are committed to the business' fundamental objective of maximising shareholder value.

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 an optimal combination of Independent, Non-Executive as well as Executive Directors having in-depth knowledge of the business and the industry. The Chairman, who is a Non-executive and Independent Director, and the Chief Executive Officer (CEO) have their own roles for better corporate governance standards.

Skills and experience

Our Board brings together a wealth of knowledge, perspective, professionalism, divergent thinking and experience. Our members have a deep understanding of governance, technical, financial and non-financial issues.

Mr. 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	20-30 years	> 30 years
12%	50%	38%

Board age profile

30-60 years	61-90 years
50%	50%

Golden Peacock Award for Excellence in Corporate Governance

We won the prestigious Golden Peacock Award for Excellence in Corporate Governance 2020. The award is a testament to our consistent efforts to adhere to the highest standards in corporate governance and organisational practices in the pharmaceutical sector. It is a great honour to be one among other distinguished companies that have received this award this year.

Principles

1. 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.

2. 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.

3. Accountability and Transparency

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

Board of Directors

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

C

Dr. Satyanarayana Chava
Executive Director and
Chief Executive Officer

C

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

C M M

Dr. Lakshmana Rao C V
Executive Director

M

Mr. Chandrakanth Chereddi
Non-executive Director

M M

Mrs. Aruna Bhinge
Independent Director

M M

Dr. Rajesh Koshy Chandy
Independent Director

M M M

Dr. Ravindranath Kancherla
Independent Director

C M

Ⓒ Chairman
Ⓜ Member

- Audit Committee
- Risk Management Committee
- CSR Committee
- Stakeholders' Relationship Committee
- Nomination and Remuneration Committee

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

Dr. M. Venu Gopala Rao is a B.Sc. (Hons) in Chemical Engineering from Andhra University, with a post-graduation in pulp and paper technology from the Forest Research Institute, Dehradun. He received advanced training in pulp and paper technology in the US and, subsequently, one year of intensive training in rayon grade pulping at M/s. Snia Viscosa S.P.A. Italy, a pioneer in man-made fibre industry. Dr. Rao was the former Chairman of Indian Paper Makers Association and is a Director on the Boards of various companies of Nava Bharat Group.

Dr. Satyanarayana Chava
Executive Director and Chief Executive Officer

Dr. Chava is the Founder, Chief Executive Officer and Executive Director of Laurus Labs. He holds a bachelor's and master's degree in Science from Andhra University and completed his PhD 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. With over three decades of experience in the pharmaceutical industry, he steers the Company's growth story, both in domestic and global markets. He has valuable experience in various domains of the industry, such as R&D and API process development. Through his stints with top pharmaceutical companies, he gathered experience in other aspects of the business, such as manufacturing and business development. He has over 100 patents registered to his name, which helped him garner knowledge regarding intellectual property in the pharma sector.

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

Mr. Kumar is an Executive Director at Laurus Labs since 2006. He holds bachelor's and master's degrees in Commerce from Andhra University and is a fellow member of the Institute of Cost Accountants of India (formerly ICWAI). With over three decades of experience in finance, information technology, HR and supply chain, he contributes significantly to formulating and executing core strategies for the Company. His knowledge in dealing with mergers, acquisitions and joint venture management in the global context helped Laurus Labs emerge as a global pharmaceutical player.

Dr. Lakshmana Rao C V
Executive Director

Dr. 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 has a PhD from Andhra University. Dr. Rao has over three decades 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.

Mr. Chandrakanth Chereddi
Non-Executive Director

Mr. Chereddi was an Executive Director of the Company during August 2016 to March 2020 and was also associated with Laurus Labs since February 2012 in various capacities. He has over ten years of experience in project management. Before Laurus Labs, he worked with McKinsey & Company as a healthcare practice member in India. He holds a bachelor's degree in Engineering (Computer Science and Engineering) from Osmania University and a master's degree in Science in Electrical and Computer Engineering from University of Illinois. He completed the post-graduate programme in Management from Indian School of Business, Hyderabad. He became Non-executive Director with effect from April 1, 2020.

Mrs. Aruna Bhinge
Independent Director

Mrs. Bhinge is a Non-Executive, Independent Director of the Company. She holds bachelor's and master's degrees in Science from University of Poona and University of Mumbai, respectively.

She also holds a master's degree in Management Studies from University of Mumbai. She has over 17 years of experience in food security and strategic planning. She was the head of food security agenda, APAC, at Syngenta India Limited.

Dr. Rajesh Koshy Chandy
Independent Director

Dr. Chandy is a Non-Executive and Independent Director of the Company. He holds a bachelor's degree in Engineering (Electronics and Communications) from Madurai Kamraj University, an MBA from University of Oklahoma and a PhD in Business Administration from University of Southern California. He has been a professor of marketing at London Business School (LBS) and has held the Tony and Maureen Wheeler Chair in Entrepreneurship at LBS.

Dr. Ravindranath Kancherla
Independent Director

Dr. Kancherla is a Non-Executive Independent Director of the Company. He is a world-renowned expert in surgical gastroenterology and laparoscopic surgery and is heading the Global Hospitals Group. He developed India's most comprehensive hospital dedicated to gastroenterology and a centre to efficiently conduct the complicated procedure of organ transplantation. With extensive experience in surgeries, Dr. Ravindranath has become an authority in liver, pancreatic and bile duct resections, revision gastric surgeries and reconstructive coloproctology. He has trained over 700 surgeons in laparoscopic procedures.

Management Team

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

Dr. Rao has been associated with the Company since June 9, 2016. He holds a master's degree in Science and a PhD from Osmania University. He has over three decades of experience in the fields of process research and development and API manufacturing process. Prior to joining Laurus Labs, he was the executive director of Sriam Labs.

Mr. Srinivasa Rao S
Executive Vice President,
Manufacturing

Mr. Rao spearheads the Company's manufacturing facility at Visakhapatnam. He is a postgraduate in Chemistry. He has over 26 years of experience working with various pharma companies in production planning, coordination and execution of the manufacturing processes.

Mr. Krishna Chaitanya Chava
Executive Vice President,
Head Synthesis and Ingredients

Mr. Krishna Chaitanya spearheads the Synthesis and Ingredients divisions of the Company and has rich work experience in strategy, skill workshops and marketing within the Indian pharma market. He completed his PGP MFAB from Indian School of Business, Hyderabad, has a master's degree in Mechanical Engineering from North Carolina State University, USA and a bachelor's degree in Mechanical Engineering from BITS Pilani, Dubai. Before joining team Laurus, he was associated with M/s. Dr. Reddy's Laboratories Ltd.

Mr. Martyn Oliver James Peck
Senior Vice President,
Business Development

Mr. Peck handles business development of the generics API. He has over 22 years of experience in the industry and has performed various functions such as sourcing, purchasing, sales and market intelligence. He has served as the Global Head of API sourcing for Mayne Pharma. He is a B.Sc. in Biological and Medicinal Chemistry.

Dr. Prafulla Kumar Nandi
Senior Vice President,
Global Regulatory Affairs

Dr. Nandi brings along 24 years of rich experience in global regulatory affairs and pharmaceutical research. He is actively involved in managing regulatory submissions and negotiating with regulators to obtain timely product approvals. He has extensive knowledge in global drug development for highly regulated markets like the US and Europe. He has strong background in providing responses to regulatory agencies regarding product information or issues. Before joining Laurus Labs, he was associated with Apotex India, Jubilant Generics and Sun Pharma Advanced Research Centre, among others.

Mr. Thomas Versosky
President,
FDF, North America

Mr. Versosky leads the commercial team bringing FDF products to the market in North America. He brings over 16 years of experience in leadership roles across the US generic pharmaceutical industry with diverse experience in commercial operations, including portfolio management and business development licensing and acquisitions. He has launched over 100 products in the US – from generics to 505(b)2 and NDA products.

Mr. Rajaram Iyer
Senior Vice President,
Portfolio Management

Mr. Iyer has over 23 years of progressive experience in strategic planning, business development, portfolio management and establishing new businesses. He leads the global portfolio management for Laurus Labs. He holds a master's degree in analytical chemistry. He has also completed EGMP from IIM-Bangalore and MBA (Operations Research).

Mr. Narasimha Rao DVL
Senior Vice President,
Synthesis

Mr. Rao presently works in the R&D department and holds the position of Senior Vice President. He holds a Master's degree in Science, having 28 years of experience in the field of Pharma. He holds Directorship in Laurus Synthesis Private Limited.

Mr. Suryadevara Srinivasa Rao
Senior Vice President,
Manufacturing

Mr. Rao has been associated with Laurus Labs since 2006 and has extensive experience in the field of manufacturing. Before joining Laurus Labs, he has served in Production for 11 years at Vantech Industries and also worked with companies like Matrix and Auctus. He holds a Master's degree in Chemistry.

Mr. Chagarlamudi Sita Ramaiah
Senior Vice President,
Finance

Mr. Sita Ramaiah is the Fellow member of Institute of Chartered Accountants of India. He has over 20 years of experience in the pharmaceutical industry and expertise in treasury, financial reporting, MIS and taxation. Before Laurus, he was associated with Mylan Laboratories. He holds the Directorship in Laurus Synthesis Private Limited and Laurus Generics GMBH.

Mr. Narasimha Rao Chava
Senior Vice President,
Human Resources

Mr. Narasimha Rao Chava has a rich industry experience of around 25 years in the field of Administration and Human Resources functions. He holds Post-graduation from Andhra University. He joined Laurus Labs Limited in the year 2006 and presently works as the Senior Vice President and Head of Human Resources (HR) Department. He holds Directorship in Laurus Synthesis Private Limited.

Risk management

Monitoring and safeguarding

Managing risk effectively is integral to executing our strategy and achieving excellence. Our aim is to foster a culture of effective risk management by encouraging appropriate and monitored risk-taking to achieve the Group's strategic priorities.

Risk management process

1. Identify risks
2. Define risk appetite
3. Respond, manage and mitigate
4. Assess and quantify
5. Monitor and review

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. They have 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 risks 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 the 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
Industry risk	Downturn in the industry could adversely impact the Company's performance	• Laurus Labs is present across the world's major pharmaceutical markets. The Company periodically evaluates various developments in these markets to identify risks, if any
Competition risk	Competition in domestic as well as international markets could affect market presence	• Building economies of scale in manufacturing, distribution and procurement to maintain cost advantage • Strengthening long-term relationships with key customers by offering better quality and service know-how • Introducing cost-improvement initiatives and enhancing manufacturing efficiency at plants • Undertaking R&D initiatives, focusing on optimising raw material consumption and increasing manufacturing capability
Regulatory risk	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	• Stringent review systems to ensure compliance with the statutory guidelines and norms of the pharmaceuticals industry
Innovation risk	Lack of niche products and processes may negatively affect growth rate	• Strong R&D capabilities • Proven track record in filing, approval and commercialisation of niche products and processes • Robust pipeline of products and processes under development • Strong chemistry know-how, efficient process optimisation and niche product portfolio have resulted in strong global presence and market leadership
Operating risk	Inability to manage vendor-cum-customer relationships could impact revenues	• Laurus Labs has successfully maintained its relationships with vendors and customers, leading to organisational stability and predictability, despite a stringent business environment • We enjoy enduring relationships with major global and Indian pharma majors, ensuring revenue visibility • Efficient review mechanism to enhance operational efficiency
Capacity planning and optimisation risk	Inadequate capacity could jeopardise our capability to meet changing customer requirements, affecting margins	• The business team frequently monitors product trends to ensure adequate capacity and meet the demand • Robust processes are in place to continuously examine plant capacities • We drive improvements associated with manufacturing practices such as preventive maintenance schedules and alterations to plant designs in case of frequent breakdowns • Project management processes are aligned to business goals
Financial risk	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.	• Established robust currency hedging strategy to safeguard ourselves • Constantly evaluating derivatives to address this concern
Environment, health and safety	Our business operations are subject to a wide range of challenging health, safety and environmental laws, standards and regulations from government and non-governmental bodies around the world	• Conducting robust process safety audits on high-risk sites to enhance and ensure the work we do to make our manufacturing processes as safe as possible • Implement the safety culture programme and behavioural standards • Implement process safety programme • Determine the cause of incidents and accidents and develop remediation plans • Ensure equipment continues to be appropriate through ongoing investment • Continued training and awareness activities

Awards and recognitions

Honours that motivate us

India Pharma Leader Award

Won the 'India Pharma Leader Award' which was presented at the 6th edition of the Indian Pharma and Medical Device Awards 2020 flagship event held at the FICCI House in Delhi.

Golden Peacock Award

Won the prestigious Golden Peacock Award for Excellence in Corporate Governance 2020. Instituted in 1991 by the Institute of Directors (IOD), India, the Golden Peacock Award is regarded as a global stamp of corporate excellence. This is the first year that Laurus Labs has won this coveted award.

Most Promising Company of the Year

Awarded the 'Most Promising Company of the Year' in the prestigious CNBC-TV18, Indian Business Leader Awards 2021.

Management Discussion and Analysis

Management Discussion and Analysis

1. Economy review

1.1 Global economy

The COVID-19 outbreak forced many countries into months of lockdown in 2020, significantly bringing down economic activity. This had grave bearings across markets, even as several countries observed a second and third wave of the infections that disrupted normal living and working conditions.

Following support from governments and central banks in many countries, which undertook far-reaching policy measures from supporting households, to equity injections, handing out loans and guarantees, there has been steady economic recovery in many countries. However, this recovery is varied across geographies depending on the inherent strength of each economy, but also the success of individual countries in containing the spread of the virus. China, for example, which implemented stringent control measures, has seen a faster economic recovery than most economies. The United States is projected to surpass its pre-COVID levels this year, well ahead of the euro area. With advanced economies generally expected to recover faster, economic disparities across the world are expected to increase. Over 50% of emerging markets and developing economies that were closing the gap with advanced economies per capita income over the last decade are expected to register a sharp downward trend over the 2020–22 period.

Outlook

According to the International Monetary Fund (IMF), the global economy is projected to grow at 6% in 2021 and 4.4% in 2022. However, a resurgence of the virus across the world and new mutations have worsened the outlook for the very near term as measures to contain the spread of the virus dampen activity. Access to medical supplies, effectiveness of monetary policy support, and exposure to cross-country spillovers will become crucial in driving the recovery.

Global growth forecast (%)

Particulars	Actual	Projections	
	2020	2021	2022
World Output	(3.3)	6.0	4.4
Advanced Economies	(4.7)	5.1	3.6
US	(3.5)	6.4	3.5
Eurozone	(6.6)	4.4	3.8
Japan	(4.8)	3.3	2.5
UK	(9.9)	5.3	5.1
Other Advanced Economies	(2.1)	4.4	3.4
Emerging Markets and Advanced Economies	(2.2)	6.7	5.0
China	2.3	8.4	5.6
India	(8.0)	12.5	6.9

Source: IMF

1.2 Indian economy

FY2020 was an exceptional year for the Indian economy as well. The nationwide lockdown that started in late March 2020 led to a sharp contraction of 23.9% in the GDP in the first quarter, which moderated to 7.5% in the second quarter. Following the phased unlocking from June, the economy saw a gradual recovery. India's GDP reverted to pre-COVID levels in Q3 2020-21, and the pace of growth is expected to rise moderately in Q4 2020-21. Signs of uptick were visible in the second half of the year due to consumption growth. The government has made significant efforts towards safeguarding citizens and energising the economy.

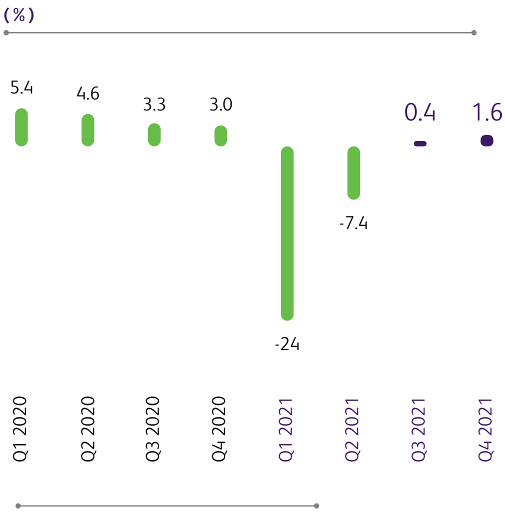
Numerous policy initiatives were undertaken by the government and the Reserve Bank of India, including a stimulus package that amounted to 10% of the GDP, aggressive policy rate cuts, loan moratorium, and measures to boost liquidity among other initiatives help set the pace. The budget reinforced these measures by way of production-linked incentives, 'Vocal for Local' schemes, investment in infrastructure, tax reforms, labour and land reforms, and amendment of the insolvency and bankruptcy code to promote entrepreneurship and availability of credit. Healthy collections of the Goods and Services Tax (GST), and other indicators such as the Index for Industrial Production (IIP), Purchasing Manager's Index (PMI), steel and energy demand and auto sales suggest that India's economic activity is on the rebound.

The Indian economy grew by 1.6% in the fourth quarter for 2020-21 recording a minor pickup in growth amidst the COVID-19 second wave hitting the economy hard. For the full fiscal year, the economy shrunk by -7.3% as the COVID-19 pandemic disrupted the economy.

Outlook

The Economic Survey has pegged India's economic growth at 11% in 2021-22, provided the normalisation of economic activities continues and the vaccine rollout gathers force. The accelerating global recovery continued infrastructural investments, supply-side push from reforms, low-interest credit disbursement, and easing of regulation are expected to aid upturn. However, the second wave of COVID-19 currently sweeping the country, rising input prices, stress in the Micro, Small and Medium-sized Enterprises sector, and a weak labour market are some of the headwinds facing the India's economic revival. Monetary and fiscal support will remain crucial. The RBI is committed to keeping rates well anchored and the government is inclined to keep up spending. However, a quick progress on the vaccination front is paramount.

Quarterly GDP Growth (Y-O-Y %)



Source: Ministry of Statistics and Program Implementation (MOSPI)

Management Discussion and Analysis

2. Industry review

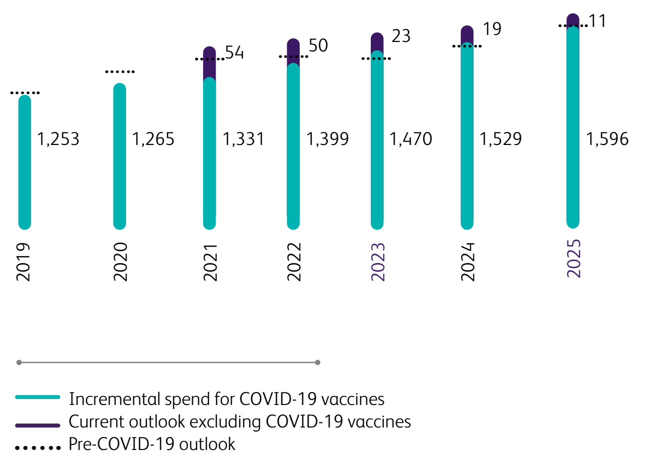
2.1 Global pharma industry

According to Grand View Research, the global pharmaceutical manufacturing market size was valued at US$ 324.42 billion in 2019 and is expected to grow at a compound annual growth rate (CAGR) of 13.74% from 2020-27. One dominant trends seen by the global pharmaceutical industry is increased use of medicines over the past decade, which has seen the rate of medicine usage outpace both population and economic growth. This expansion has been largely on account of the growing pharmerging markets, where a growing number of patients now have improved access to treatment options. According to IQVIA Institute of Human Data Science study, the global medicine market — using invoice price levels — is expected to grow at 3-6% CAGR through 2025.

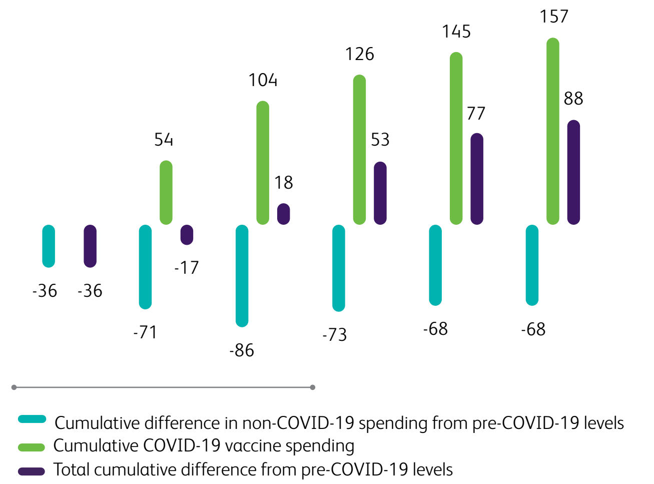
Some of the trends that are likely to continue:

- The pre-pandemic drivers of medicine use and spending have only been modestly impacted by the COVID-19 pandemic
- The total cumulative spending on COVID-19 vaccines through 2025 is projected to be US$ 157 billion
- Global medicine spending will be lifted by stronger pharmerging market growth through 2025; it will be offset by slower growth in the developed markets because of loss of exclusivity for original brands
- Savings from biosimilars will reach an estimated US$ 285 billion over the next five years
- The two leading global therapy areas — oncology and immunology — are forecast to grow 9-12% CAGR through 2025, followed by significant increase in new treatments and medicine use
- Biopharma companies will continue to focus on global market growth, strengthening R&D, and transformation of digital and IT

Changes in the historical and projected global medicine spending model due to COVID-19, 2019-25, US$billion



Cumulative difference, US$billion



Source: IQVIA Market Prognosis, Sep 2020; IQVIA Institute, Mar 2021

Spending outlook change due to COVID-19: US$88.3 billion, 2020-25	=	COVID-19 vaccine incremental spending: US$157 billion, 2021-25 (US$73-US$213 billion)	+	COVID-19 disruption impact: -US$68.2 billion 2020-25

The pharmerging markets are expected to witness the fastest growth in the next few years due to a huge customer base, an increase in healthcare expenditure, disease incidence, and the presence of supportive regulatory systems. The region is also fast adapting to new technologies and digital transformation.

Going forward, to address the growth in demand associated with an increasingly elderly population and the rapid rise of non-communicable diseases (NCDs), governments will need to emphasise the control and prevention of NCDs while expanding national health insurance schemes to underserved groups.

2.2 Active Pharmaceutical Ingredients (API) industry

The global Active Pharmaceutical Ingredient market is expected to grow at a high single digit CAGR from 2020 to 2027 to reach US$ 364.17 billion by 2027. Increased healthcare expenditure by the urban population and an increase in the geriatric population are influencing the market growth of APIs. The captive API segment, which holds the dominant market share, is anticipated to grow at a significant rate in the coming years owing to the easy availability of raw materials and greater investments by major players to develop manufacturing facilities. Major companies are also looking to expand their production capabilities. NCE APIs saw a huge growth in 2020 on the back of R&D initiatives for novel drug development and favourable government regulations. The API market is undergoing immense changes due to supply chain disruption by COVID-19. There is increasing preference to reduce dependence on China for API products.

Market drivers and opportunities

- Rising prevalence of chronic diseases
- Increasing number of small molecules in clinical trials
- Rapid growth in the oncology market
- Adoption of biologics in disease management and increasing regulatory approvals
- Innovations in API manufacturing
- Rise in the elderly population is boosting the growth of the market
- Rise in the adoption of artificial intelligence-based drug discovery instruments

Laurus opportunity landscape

The rising accessibility to affordable healthcare services has increased the demand for low-cost and high-quality medicines, particularly in the developing world. Consequently, the need for low-cost and high-quality APIs are increasing for manufacturing finished drugs. Some of the key factors that are driving the market include the increasing prevalence of infectious diseases, cardiovascular conditions, and other chronic disorders. Laurus currently supplies APIs to nine of the 10 largest generic pharmaceutical companies and has an advantage in backward integration. It also has a leadership position in APIs like antiretroviral drugs (ARVs), cardiovascular (CVS) and oncology. It is a major supplier for ARV APIs to other ARV manufacturers and finished drugs in several LMIC markets.

2.3 Generics market

According to Precedence Research, the generic drugs market size is projected to be worth around US$ 675.20 billion by the end of 2030. The global generic drugs market is expected to grow at a CAGR of 5.7% over 2021-30; the market was valued at US$ 387.92 billion in 2020.

In 2020, North America commanded a market share of more than 30%, with the US being the highest shareholding country in the region, mainly due to its advanced healthcare infrastructure, increasing occurrence of chronic diseases, and presence of leading players in the region. The Asia-Pacific generics market had total revenue of US$ 129.90 billion in 2019, China accounted

Management Discussion and Analysis

for 53.7% of the value of the Asia-Pacific market, followed by Japan and India with 21.1% and 12.7%, respectively. The China generic drugs industry market is anticipated to continue dominating the market in terms of revenue share. Increasing frequency of chronic diseases among the population along with increasing initiatives by the regulatory bodies to control them in the countries of the region is a main driver growth of the APAC.

Laurus opportunity landscape

Laurus has filed 27 Abbreviated New Drug Applications (ANDAs) with United States Food and Drug Administration (FDA) and has nine final approvals and eight tentative approvals. In addition, completed four products validation at commercial scale.

2.4 Antiretroviral (ARV) market

The year 2020 was already a significant year with regard to HIV before the COVID-19 pandemic swept across the globe. This was the last year for countries to make progress toward the 90-90-90 targets set by UNAIDS in 2014 with the goal that by 2020, 90% of people living with HIV would know their status, 90% of those who know their status would be on treatment, and 90% of those on treatment would be virally suppressed.

The pandemic is jeopardised the progress made in global action against HIV. There was sharp drop in HIV testing and viral load volumes as clients avoided clinics. In a survey conducted by the World Health Organization (WHO) in June 2020, 38 countries reported disruption in HIV testing services (HTS). ARV supply chains and HIV prevention outreach were disrupted due to lockdowns across the globe.

While improving access to antiretroviral therapy (ART) is a crucial step in reducing HIV-related deaths, country programmes must also enhance access to commodities for the management of advanced HIV disease (AHD). This is particularly relevant with the COVID-19 pandemic disrupting service delivery and forcing a reversal in previous gains in reducing HIV-related deaths.

As lockdowns are gradually lifted and countries continue to work to control the pandemic, increasing HTS volumes and improving linkage to care in the COVID-19 era (and after) will gain precedence for national programmes. The WHO continues to highlight that countries should move to three consecutive reactive tests to establish an HIV-positive diagnosis in countries where national HTS positivity (percent of tests run that are positive) is less than 5%.

Over the recent years, the ARV drugs market has been observing growth on account of several driving factors, including growing prevalence of HIV AIDS, growing ART coverage rate, and increase in availability of novel drugs with better efficacy. Furthermore, factors such as growing medical spending, government push in various countries, decreased cost of treatment, better-quality diagnosis rate and rise in favourable programmes for diagnosis and treatment facilities for the unmet patient population has been driving ARV market growth.

US$129.9 billion

Revenue of Asia-Pacific generics market in 2019

According to Clinton Health Access Initiative – HIV Market Report, the number of patients (re-) initiating ART continues to increase, with over two million adult patients added between 2018 and 2019. In GA Low Medium Income Countries (LMICs), adult ART coverage increased from 64% in 2018 to 70% in 2019. The rollout of Dolutegravir (DTG)-based regimens continues to scale up with more increase anticipated over the next few years. In 2019, 29% of the one lakh adults in GA LMICs were estimated to be on DTG-based regimens, with the number expected to increase to almost 90% by 2022.

Laurus opportunity landscape

Being the cost leader in many ARV APIs, Laurus is best placed to garner attractive market share in ARV APIs and the Finished Dosage Form (FDF) tender market. The ARV portfolio consists of ~12 APIs, covering both 1st line and 2nd line treatment regimens. Large-scale, improved manufacturing processes have been the key factors in making Laurus the preferred API supplier in the ARV segment. At present, Laurus is supplying to 80% of the players who participate in ARV tenders. Being a fully integrated player, Laurus has a natural advantage and a superior margin profile compared to non-integrated players.

2.5 CRAMS industry

The global market for Contract Research and Manufacturing Services (CRAMS) is expected to grow at 7% CAGR in 2019-25 on the back of increasing costs of R&D, coupled with significant revenue loss due to impending patent cliff that has forced major pharmaceutical companies worldwide to outsource part of their research and manufacturing activities to low-cost countries like India. CRAMS is one of the fastest-growing sectors in the pharmaceutical and biotechnology industry. The pharmaceutical market uses outsourcing services from providers in the form of contract research organisations (CROs) and contract manufacturing organisations (CMOs).

India offers significant cost advantages over matured manufacturing hubs in Europe and North America and has already emerged as one of the leading cost-competitive and quality manufacturing hubs for many global players including big pharma companies. Moreover, the current economic crisis along with the incessant pricing pressure and pro-generic agenda are driving pharma companies to influence the strengths of Indian pharma manufacturers. The domestic CRAMS market is expected to reach US$ 40 billion by 2030.

Laurus opportunity landscape

Laurus is uniquely positioned to address customer needs at any stage of the product lifecycle. With over 150 scientists to provide process chemistry services to global clients, our contract development and manufacturing organisation (CDMO) division is well positioned to offer development and manufacturing services across the value chain from pre-clinical to lifecycle management. Laurus has created a wholly-owned subsidiary – Laurus Synthesis Pvt Ltd – to increase its focus and dedicated R&D. Construction at two manufacturing sites has also started to provide scale and flexibility to this division.

2.6 Nutraceutical industry

According to Mordor Intelligence, the global nutraceutical ingredients market size is projected to reach US$ 167.30 million by 2026, from US$ 127 million in 2019, at a CAGR of 4.0% during 2021-26.

Major factors driving the growth are:

- Growing demand for fortified food due to the increasing health awareness amongst consumers
- Benefits from their potential nutritional, safety and therapeutic effects help improve health, prevent chronic diseases, postpone the aging process, or support functions and integrity of the body

Due to the increasing frequency of lifestyle diseases consumers across the globe are becoming health conscious. There is also a growing geriatric population with their own health preferences and conditions. In consequence, consumer choice is shifting from chemically-derived products to protective healthcare items such as nutraceuticals that contain safer, natural and healthier ingredients. Health consciousness, leading to healthy eating habits and consumption of nutrient-rich food is increasing the adoption of fortified foods. These growing choices are expected to drive the growth of the nutraceutical market size. A positive outlook towards medical nutrition owing to increasing weight management programmes, along with the management of cardiovascular diseases, is anticipated to propel the demand for nutraceuticals.

Laurus opportunity landscape

Laurus Labs has been at the forefront of the development and manufacture of pure, well-characterised specialty ingredients in the nutraceutical/dietary supplements and cosmeceutical segments. Its key strength lies in the development of alternative low-cost synthetic routes for naturally derived nutraceutical products. Patented combinations of nutraceuticals and pharmaceuticals may create rewarding business opportunities, going forward.

2.7 Indian pharma industry

The Indian pharma industry is poised for a big leap forward in this decade. Health, science and innovation have come into sharp focus as never before. The developments over the past year have emphasised the importance of an innovation ecosystem, a robust infrastructure for production of drugs and pharmaceuticals and the need to constantly build a huge talent pool of scientists, researchers and technologists who can be the arrowheads for the future. India has emerged as a pharmacy to the world, supplying critical drugs and vaccines in the course of this pandemic.

As per the report on the Indian Pharmaceutical Industry 2021 by FICCI and EY, during 2020-30, Indian pharma industry is expected to grow at a CAGR of ~12% to reach at US$ 130 billion by 2030 from US$ 41.7 billion in 2020. Though the pharmaceutical industry has grown at a CAGR of approximately 13% over the past two decades, the CAGR for the last decade has been ~ 8.5%. The CAGR for the past five years has been ~6.2%.

Growth enablers

- Consistent economic development and rapid urbanisation
- Improved affordability in metropolitan and Tier-1 cities
- Increasing access to modern medicines
- Changing lifestyles and consumption patterns leading to increasing incidence of chronic ailments
- Higher uptake of innovative medicines
- Rising health awareness among the masses
- Greater demand for insurance coverage, boosted by government and private insurer initiatives

While the COVID-19 pandemic put India's physical healthcare infrastructure in intense focus, it led to enhanced adoption of digital health (online consultation, increased usage of digital platforms like telemedicine and e-pharmacies) and home health services. At the same time, the government has announced PLI scheme to boost the API industry in India. This scheme is in line with the government's emphasis on building an Aatmanirbhar Bharat (self-reliant India) and could give impetus to India's pharmaceutical sector.

Outlook

The Indian pharma industry has been a key contributor in improving the country's healthcare and economic outcomes. The pandemic has enhanced several opportunities and challenges for the industry. To emerge as a winner in the post-pandemic world, the industry needs to continue building on its strengths and at the same time take a giant leap towards innovation and technology adoption. New capabilities need to be introduced across the business functions to bring in fresh skills and to help the industry move up the value chain. The government would also need to create the right environment and provide the right incentives to give fillip to business growth in this sector.

Management Discussion and Analysis

3. Company overview

Laurus Labs is a leading developer and manufacturer of generic APIs with a focus on products where it has cost leadership and holds an advantage by way of innovation in process chemistry and manufacturing efficiencies. Apart from manufacturing APIs, it develops and manufactures oral solid formulations, provides CRAMS services to several global pharmaceutical companies, and also produces specialty ingredients for nutraceuticals, dietary supplements, and cosmeceuticals companies.

Competitive advantages

- Strong chemistry capabilities
- A robust and growing customer base, which recognises the strength of partnerships
- State-of-the-art infrastructure and facilities with highly capable personnel
- Strong work ethic driven by sound systems and best practices, high quality standards and emphasis on customer service
- Value creation through innovative science, customer-centric approach and cost effectiveness

Key business highlights – 2020-21

- Completed acquisition of Richcore Lifesciences Pvt. Ltd, renamed as Laurus Bio, which is now a subsidiary of Laurus Labs
- Incorporated Laurus Ingredients Pvt. Ltd., a wholly owned step-down subsidiary of Laurus Synthesis Pvt. Ltd.
- Completed four drug product validations, apart from the filing of 27 ANDAs and NDAs
- Created additional formulation capacity by de-bottlenecking operations
- Began construction of large formulation manufacturing block which will be available for commercial use starting Q3 2021
- Started three new manufacturing blocks for commercial manufacturing of intermediates and APIs

27
ANDAs filed with USFDA

Strategy

Short-term strategy

- Leverage API cost advantage and diversification into non-ARV APIs and formulations
- Develop the synthesis business
- Invest in fermentation capacity expansion at Laurus Bio
- ESG integration

Long-term strategy

Further increase the agility of the Company by concentrating on key business enablers:

- Compliance: Compliance with varied international regulations to maintain high quality standards and global customer base
- Customer service: Sharp awareness of customer needs and determination to deliver quality product in a timely manner
- Capacity and capabilities enhancement: Sufficient capacity to meet demand as well as respond to market opportunities; capability enhancement to keep up with technology advancements
- Cost leadership: Continue to improve conversion cost to be more competitive and to stay longer in the marketplace
- Continuous improvement: Continually improve Company's processes using business excellence models
- Continuity: Business continuity through risk mitigation and sustainability measures

4. Research and development

Laurus Labs' Research & Development (R&D) initiatives are evidence on its commitment to excellence and reinforces its belief in innovation and quality to meet and grow the Company's business aspirations. The focus on R&D is also to increase process efficiency and manufacturing effectiveness in compliance with the Company's core values and to support the execution of business strategies. R&D has helped the Company to develop breakthrough technologies that have led to new products, improved process chemistry, analytical chemistry, process intensification and establishing technologies at commercial scale. Laurus has a highly experienced team of dedicated scientists focusing on development of a variety of niche generic products across the spectrum of available dosage formulation technologies.

- R&D team comprises of 750+ scientists (~16% of total employee strength) including over 60 PhDs
- Kilo Lab at R&D centre accredited by global regulatory agencies

5. Quality and compliance

Laurus follows the philosophy of 'One quality Standard for all markets'. It has established a well-defined validation and qualification structure to ensure that systems, facilities and processes are designed and developed in line with the needs of customers and in order to comply with regulatory requirements. Established quality risk management procedures are followed for internal audits, failure inquiries and implementation of permanent corrective measures.

The Company also has established training procedures and systems for the training and development of its employees with respect to regulatory guidance, new developments and internal procedures. Laurus continues to do everything necessary to improve its quality systems to ensure compliance with ever-evolving regulations. It always strives to stay ahead of the curve when it comes to meeting patient needs.

₹4,814 cr

Net sales

6. Outlook

Going ahead, Laurus has charted a definite growth trajectory that involves strengthening its presence in the non-ARV space, fortifying its position in the formulations and synthesis segments and tapping the new area of biologics (through Laurus Bio). The Company is looking to build new capacities/facilities that would propel its growth in the coming years.

7. Financial review

Consolidated abridged Profit & Loss Statement

(₹ in crore)

Year	2020-21	2019-20	Growth (%)
Net Sales	4,814	2,832	70
EBITDA	1,573	570	176
PBT	1,301	294	343
PAT	984	255	286

Revenue from operations (net)

Revenue from operations increased by 70% to ₹4,814 crore in 2020-21. This increase was mainly driven by back of higher volume growth and optimum capacity utilisation.

Material costs

Raw materials consumed decreased to 44.8% in 2020-21, against 49.9% in 2019-20. The reduction in raw material consumption was mainly due to better product mix, backward integration for some of key starting materials and better yields.

Employee expenses

People-related expenses increased to ₹434 crore in the financial year 2020-21 from ₹345 crore in the year 2019-20. This increase was due to increase in employee strength of more than 900 comparing to the financial year 2019-20 and additional expenses in terms of incentives and employees welfare incurred due to COVID-19.

Other expenses

Other expenses include other operating expenses, marketing, R&D and administrative expenses stood at ₹671 crore in the financial year 2020-21 against ₹509 crore in the year 2019-20. As a per cent of revenue, other expenses are at 14% as compared to 18% in previous year.

Margins

The Company has been able to show growth in its margins despite of increase in R&D costs, with EBITDA and net margins stood at 33% and 20% respectively in 2020-21 compared to 20% and 9% respectively in 2019-20. This growth was led by better product mix and operational efficiencies.

₹1,573 cr

EBITDA

Balance Sheet

Particulars (₹ crore)	As on 31.03.2021	As on 31.03.2020
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	107	107
Reserves and surplus	2,490	1,663
Non-controlling interest	3	-
Non-current liabilities	693	288
Current liabilities	2,458	1,693
Total	**5,751**	**3,751**
ASSETS		
Non-current assets	143	145
Fixed assets	2,533	1,794
Current assets	3,075	1,812
Total	**5,751**	**3,751**

Shareholders' Funds

Shareholders' Funds increased to ₹2,597 crore in 2020-21 from ₹1,770 crore in 2019-20 mainly due to increase in profits.

Debt

Particulars (₹ crore)	As on 31.03.2021	As on 31.03.2020	Change
BORROWINGS			
Long term borrowings	429	165	264
Current maturities of LTB	138	101	37
Short term borrowings	886	791	95
Total	**1,453**	**1,057**	**396**

The debt-to-equity ratio was 0.56 in 2020-21 versus 0.60 in 2019-20.

Fixed Assets

The gross carrying value of Fixed Assets increased to ₹2,696 crore in 2019-20 primarily due to capitalisation of additional blocks in the existing facilities and acquisitions.

Working Capital

Consolidated working capital			
Particulars (₹ crore)	**As on 31.03.2021**	**As on 31.03.2020**	**Change**
Trade receivables (A)	1,306	791	515
Inventories (B)	1,575	905	670
Trade payables (C)	1,179	616	573
Working capital D (A+B-C)	**1,702**	**1,080**	**612**
Other current assets (E)	193	115	78
Total current assets (D+E)	**1,895**	**1,195**	**700**
Short term borrowings (F)	886	791	95
Other current liabilities (G)	392	286	106
Total current liabilities (F+G)	**1,278**	**1,077**	**201**

Ratios

Key Ratios*	As on 31.03.2021	As on 31.03.2020
Debtors turnover	3.7	3.6
Inventory turnover	3.1	3.1
Interest coverage ratio	27.2	6.8
Current ratio	1.25	1.07
Debt equity ratio	0.56	0.60
Operating profit margin (EBITDA) %	32.7%	20.1%
Net profit margin %	20.4%	9.0%
Return on net worth %	**45.1%**	**15.3%**

*All numbers based on consolidated financials

8. Internal control systems and adequacy

Laurus Labs has adequate internal control systems and procedures, covering all financial and operating functions commensurate to its size and nature of operations. A strong internal control framework is among the most important pillars of corporate governance and the Company strives to enhance it consistently. This framework is designed to provide reasonable assurance regarding the maintenance of accounting controls and assets from unauthorised use or losses. The Audit Committee of the Company considers all internal aspects and advises corrective actions as and when required.

9. Cautionary statement

Certain statements in this report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities, laws and regulations. Although the expectations are based on reasonable assumptions, actual results could materially differ from those expressed or implied.

Board's Report

To
The Members of
Laurus Labs Limited

Your Directors have pleasure in presenting the 16th Annual Report of the Company together with the Audited Financial Statements for the Financial Year ended March 31, 2021.

Standalone and Consolidated Financial Highlights:

(₹ in crore)

Particulars	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Gross Income	4,814	2,832	4,769	2,797
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	1,573	570	1,532	575
Finance Charges	68	90	66	88
Depreciation/Amortisation	205	187	197	184
Net Profit Before Tax	1301	294	1,275	305
Provision for Tax	317	38	319	37
Net Profit After Tax carried to Balance Sheet	984	255	956	267
Dividend paid	-	-	107	16
Dividend Tax on Dividend	-	-	--	3
Proposed Dividend amount	-	-	--	11

Company's Affairs:

(i) Operations:

The year 2020-21, is a most chaellenging year due to COVID-19. Even during these difficult times, Your Company could be able to deliver the best performance since its inception. Your Company exhibited all-round performance by all the business areas and improved operational leverage. During the year under review, the Turnover of your Company increased from ₹ 2,832 crore to ₹ 4,814 crore, an increase of 70% and the Profit After Tax increased from ₹ 255 crore to ₹ 984 crore, an increase of 286%. This stellar performance was possible due to the proper vision and strategy of leadership team, efficient execution of operational team and with the support of dedicated employees and other committed stakeholders of the Company.

During the year under review –

» The API Division has shown excellent performance and achieved a turnover of ₹ 2,621 crore. A Robust growth was achieved due to ARV-API, CVS, Anti Diabetic and PPIs

» The FDF Division which has started its commercial operations two years ago, has achieved a record growth and contributed a turnover of ₹ 1,664 crore and also supplied ARVs to 47 countries in access market;

» The Synthesis division also achieved its all time high growth and contributed a turnover of ₹ 519 crore.

» The Company has undertaken expansion with a capex of ₹ 689 crore.

» The Company has acquired 74% of stake in Richcore Lifesciences Private Limited on fully diluted basis (presently Laurus Bio Private Limited), with around ₹ 260 crore investment, which has bright future in Bio-pharma space in future.

» The Company has also acquired a company in South Africa and renamed it as Laurus Generics (SA) Pty Ltd. to cater to the needs to South African Market.

» The Company has incorporated a couple of subsidiaries to cater the future requirements of Synthesis division.

» The Company has purchased 18 acres of land in Hyderabad to set up a greenfield Finished Dosage Forms Unit.

» The Company has also applied to APIIC and got allotment of 40 acres land and 24 acres land to its subsidiary in Atchutapuram, Visakhapatnam district to set up greenfield projects in next couple of years time.

» Maiden EIR received for Unit 4

(ii) COVID-19

Your company supported colleagues and their families, society and Government bodies during these tough times. A thorough thermal scanning and sanitisation protocol was introduced at all the plants and offices. Monitoring employees for signs & symptoms through voluntary disclosure. Additional buses provided to maintain physical distance. Work from home was provided wherever possible to maintain lean staff in the work area.

The Company's contributions to help the government, respond to COVID-19 containment exceeded ₹ 5.50 Crores. The Company has donated 480,000 doses of Hydroxychloroquine (HCQ) to the governments of Telangana, Andhra Pradesh, and Kerala in addition to a financial contribution of ₹ 50 Lakhs to each AP & Telangana States. The Company has also provided groceries to the needy. Also provided PPEs to frontline workers in the police department and medical colleges who are treating COVID-19 patients and containment centers. Your Company is committed to support the Government and other authorities to extend its helping hand in the fight against COVID-19 pandemic.

Board's Report Contd.

(iii) Outlook:

Business prospects may remain positive because of the growing global demand for generics and opportunities provided by the expiry of patents in developed markets. Post Covid-19, there may be new business opportunities for the pharmaceutical industry, in particular, our company.

Management Discussion & Analysis:

Various business aspects including market conditions, business opportunities, challenges etc. have been discussed at length in the Management 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 an interim dividend @ 40% (i.e. ₹ 0.80 ps per share of the face value of ₹ 2/- each) and paid to the Shareholders in November, 2020 and also another interim dividend @ 20% (i.e. ₹ 0.40 ps per share of the face value of ₹ 2/- per share) which was paid to the Shareholders in February, 2021 and also approved a third interim dividend @ 40% (i.e. ₹ 0.80 ps per share of the face value of ₹ 2/- each) for FY2021 aggregating to 100% dividend i.e. ₹ 2/- per share of the face value of ₹ 2/- each. Therefore, the dividend paid for this year is three times higher than the dividend paid in the previous financial year (25%).

Transfer to Reserves:

Your Company does not propose to transfer any portion of profits to Reserves.

Share Capital:

During the year under review -

» The Company had allotted 2,84,500 equity shares of ₹ 10/- each to the eligible employees under ESOP Schemes, 2011 & 2016 in July, 2020. Accordingly, the share capital has increased to ₹ 107,19,89,990/- divided into 10,71,98,999 equity shares of ₹ 10/- each.

» Pursuant to the resolution approved by the Shareholders in the Annual General Meeting held on July 9, 2020, the Company has taken necessary steps and the each share of the Company of ₹ 10/- had been split into 5 shares of face value of ₹ 2/- each effective from October 1, 2020. As a result, the paid up share capital as on October 1, 2020 stood at ₹ 107,19,89,990/- divided into 53,59,94,995 shares of ₹ 2/- each.

» The Company had also allotted 6,07,390 equity shares of ₹ 2/- each to the eligible employees under ESOP Schemes 2016 in December 2020. Accordingly, the share capital has increased to ₹ 107,32,04,770/- divided into 53,66,02,385 shares of ₹ 2/- each.

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. However, the Company has acquired 79.21% and 74.37% (on fully diluted basis by considering pending ESOPs and Share Warrants) equity share capital of Laurus Bio Private Limited (formerly Richcore Lifesciences Private Limited) making the same as Subsidiary of the Company. Laurus Bio is into Biotech space producing Enzymes, non-animal cultured meat etc. and thereby your Company has entered into Biotech space as well.

The name of Richcore Lifesciences Private Limited was changed to Laurus Bio Private Limited effective from April 15, 2021.

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, 2020 to April 29, 2021.

Fixed deposits:

The Company did not accept any fixed deposits.

Subsidiaries, Associates and Joint Ventures:

The Company has the following Wholly Owned Subsidiaries,

(i) Sriam Labs Private Limited, India; and
(ii) Laurus Holdings Ltd., United Kingdom (UK)

During the year, the following subsidiaries were incorporated/ acquired :

a) The Company has incorporated Laurus Synthesis Private Limited as its 100% wholly owned subsidiary and Laurus Synthesis Private Limited, in turn, incorporated a 100% wholly owned subsidiary namely Laurus Ingredients Private Limited.

b) The Company has acquired 100% stake of Phecklong Pharmaceuticals, a South African Company from Pharmacare (Aspen Group Company) and the name has been changed to Laurus Generics (SA) Pty Ltd.

c) The Company has acquired 79.21% (74.37% on fully diluted basis) shareholding in Laurus Bio Private Limited (formerly Richcore Lifesciences Private Limited) making it as subsidiary of the Company.

During the year, the Company's wholly-owned subsidiary i.e, Laurus Synthesis Inc., USA was merged into Laurus Generics Inc., USA, which is a step down subsidiary of the Company.

» Laurus Holdings Ltd., UK, in turn, holds a wholly owned subsidiary, namely Laurus Generics GmbH, Germany and a subsidiary Laurus Generics Inc., USA.

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

Name of the Holding Company	Name of the Subsidiary	Country	% Shareholding	Status
Laurus Labs Limited	Sriam Labs Private Limited	India	100%	WOS *
	Laurus Holdings Limited	United Kingdom	100%	WOS
	Laurus Synthesis Private Limited	India	100%	WOS
	Laurus Generics (SA) Pty Ltd.	South Africa	100%	WOS
	Laurus Bio Private Limited	India	79.21%	Subsidiary
Laurus Synthesis Private Limited	Laurus Ingredients Private Limited @	India	100%	WOS
Laurus Holdings Ltd., UK	Laurus Generics GmbH, @	Germany	100%	WOS
	Laurus Generics Inc., @	USA	62% #	Subsidiary

* WOS means wholly owned subsidiary

Balance 38% is held by Laurus Labs Limited

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

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 Board's 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 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 of Sriam Labs Private Limited in the previous financial year for an amount of ₹ 20 crore and to the Bankers of Laurus Synthesis Private Limited for an amount of ₹ 55 crore, both of which 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. Lakshmana Rao C V, Directors, will retire at the ensuing annual general meeting and, being eligible, seek reappointment. The Board of Directors recommends their re-appointment.

Mr. Narendra Ostawal has resigned from the Board of the Company with effect from July 1, 2020 as he was the nominee director of Bluewater Investments Ltd. and the said Bluewater Investments Ltd. sold of its entire equity in the Company.

Board Meetings:

The Board and Committee meetings are pre-scheduled and a tentative calendar of the meetings shall be finalised 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, nine 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 5, 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.

Board's Report Contd.

- 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:
    - fixed compensation
    - variable compensation in the form of annual incentive
    - benefits
    - 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

Dividend Distribution Policy:

The Dividend Policy of the Company is attached as **Annexure-2** to this report.

The said Dividend Distribution policy is placed on the website of the Company 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-3**.

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

Vigil Mechanism / Whistle Blower Policy:

The Company established a whistle blower 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 who were appointed as Statutory Auditors of the Company by the Shareholders of the Company in their 12th Annual General Meeting held in July, 2017 for a period of five years shall be the Statutory Auditors of the Company.

The requirement under the proviso to Sec.139(1) that "the Company shall place the matter relating to such appointment (of auditors) for ratification by members at every annual general meeting" has been omitted from the Companies Act, 2013. Therefore, the Company does not propose ratification of appointment of statutory auditors for the approval of the members.

(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 appointed M/s. Sagar & Associates, Cost Accountants, as the Cost Auditors of the Company for the Financial Year 2021-22. 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 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 2020-21. The Secretarial Audit Report issued in Form MR-3 is in **Annexure-4** 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 a stable outlook" to "AA- with Positive outlook" on the long term bank facilities of the Company and 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 Projects and Programs undertaken by the Company during the year under review have been provided in **Annexure-5** 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.

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-6** to this report.

Human resources:

The management believes that competent and committed human resources are vitally important to attain success in the organisation. 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 even during the COVID pandemic outbreak, which resulted to uninterrupted operations of the Company and could achieve the targeted growth in the performance of the Company.

Employee Stock Options:

During the year, the Company has allotted 2,84,500 (Two lakh eighty four thousand five hundred only) equity shares of ₹ 10/- to various eligible employees of the Company under Employee Stock Option Schemes-2011&2016 upon exercise of their vesting rights in July, 2020.

During the year, the Company has allotted 6,07,390 (Six lakh seven thousand three hundred and ninety only) equity shares of ₹ 2/- to various eligible employees of the Company under Employee Stock Option Scheme 2016 upon exercise of their vesting rights in December, 2020.

The details of stock options are as mentioned in **Annexure-7** 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.

The Company is proposing a new ESOP Scheme 2021 with one million stock options which is around 0.20% of the paid up capital of the Company to be gratned to the eligible employees in future to attract and retain talented employees.

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-8** and forms part of this report.

Board's Report Contd.

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 500:

The Equity Shares of your Company have been inducted in S&P BSE 500 indices with effect from March 31, 2017

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 Report (BRR)

The Listing Regulations mandate the inclusion of the BRR as part of the Annual Report for top 500 listed entities based on market capitalisation. In accordance with the Listing Regulations, we have integrated BRR disclosures into our Annual Report.

Awards:

Your Company has won the prestigious Golden Peacock Award for Excellence in Corporate Governance in the Pharma Sector during the year. Your Company has also won India "Pharma Leader Award" announced by the Department of Pharmaceuticals, the Ministry of Chemicals and Fertilizers, Government of India. Your Company also won the prestigious CNBC-TV18 Indian Business Leaders Awards 2021 as "Most Promising Company of the Year 2021". Your Company certified as "Great Place to Work" for the 3rd consecutive year.

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

Dr. Satyanarayana Chava	**Mr. V. V. Ravi Kumar**
Executive Director &	Executive Director &
Chief Executive Officer	Chief Financial Officer
DIN: 00211921	DIN: 01424180

Hyderabad
April 29, 2021

Annexure – 1

FORM AOC - 1

PART - A: SUBSIDIARIES INFORMATION

S. No.	Particulars	Details				
1	Name of Subsidiary	Sriam Labs Private Limited	Laurus Synthesis Private Limited	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, 2020 to March 31, 2021				
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 Mn.)	ZAR (in Mn.)	Indian Rupees (in Cr.)
4	Share capital	14.20	0.10	0.85	0.00	0.25
5	Reserves & Surplus	11.10	(12.88)	(0.14)	(0.05)	13.80
6	Total Assets	49.15	97.32	6.38	0.00	76.11
7	Total Liabilities	23.85	110.10	5.67	0.05	62.06
8	Investments					
9	Turnover	80.56	15.63	4.85	0.10	8.80
10	Profit before taxation	14.51	(17.41)	1.84	(0.05)	1.08
11	Provision for taxation	4.16	(4.53)	0.01	-	-
12	Profit after taxation	10.35	(12.88)	1.83	(0.05)	1.08
13	Proposed Dividend	-	-	-		
14	% of shareholding	100%	100%	100%	100%	79.21%

Laurus Holdings Ltd. is a UK based foreign subsidiary and its local currency is GB Pound. Exchange rate as on March 31, 2021: ₹100.905019 for GBP 1

Laurus Generics SA (Pty) Ltd. is a South Africa based foreign subsidiary and their Local currency is ZAR. Exchange rate as on March 31, 2021: 4.943249 for ZAR 1

PART - B: ASSOCIATES AND JOINT VENTURES

S. No.	Name of Associates/Joint Ventures	March 31, 2021
1	Latest Audited Balance Sheet Date	NIL
2	Shares of Associate/Joint Ventures held by the Company on the year end	NIL
	No.	NIL
3	Amount of Investment in Associates/Joint Venture / ₹ in Mn	NIL
4	Extend of Holding %	NIL
5	Description of how there is significant influence	NIL
6	Reason why the associate/joint venture is not consolidated	NIL
7	Networth attributable to Shareholding as per latest audited Balance Sheet	NIL
8	Profit/Loss for the year	NIL
	i. Considered in Consolidation	NIL
	ii. Not Considered in Consolidation	NIL

Annexure – 2

Dividend Distribution Policy

(As reviewed and approved on May 2, 2019)

Pursuant to Regulation 43A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Dividend Distribution Policy for the Company is as under:

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend.

The parameters that will be taken into account by the Board of Directors of the Company in determining the dividend to its shareholders are as follows:

(a) The circumstances under which the shareholders may or may not expect dividend:

Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company. The Dividend shall be declared or paid out of the profits of the Company after providing for depreciation of the Company and in accordance with the provisions of the Companies Act, 2013.

(b) The financial/internal parameters that shall be considered while declaring dividend:

- Capital allocation plans including expected cash requirements of the Company towards working capital and capital expenditure;
- Investments required towards execution of the Company's strategy;
- Funds required for any acquisitions that the Board of Directors may approve etc.
- Minimum cash required for contingencies or unforeseen events;
- Funds required to service any outstanding loans;
- Liquidity and return ratios; and
- Any other significant developments that require cash investments.

(c) External factors that shall be considered for declaration of dividend:

- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- Any political, tax (including rate of Income Tax and dividend distribution tax) and regulatory changes in the geographies in which the Company operates;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- Any changes in the competitive environment requiring significant investment.

(d) Policy as to how the retained earnings shall be utilised:

The consolidated profits earned by the Company can either be retained in the business or used for various purposes as outlined in clause (b) above or it can be distributed to the shareholders.

(e) Treatment of various classes of shares:

The provisions contained in this policy shall apply to all classes of Shares of the Company. However, currently the Company has only one class of shares, namely, Equity Shares.

(f) Amount of Dividend:

In the light of the above guiding parameters, the Board shall endeavor to declare dividend which translates to the Dividend Payout Ratio (Dividend/Net Profit After Tax for the year of Standalone Financials of the Company) of up to 20% (including dividend distribution tax).

The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy.

Amendments to the Policy:

The Policy may be amended, as and when deemed fit by the Board of Directors of the Company.

Annexure – 3

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

Appropriate approvals have been taken for related party transactions. No amount was paid as advance.

Annexure – 4

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2021

[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
Plot No.21, Jawaharlal Nehru Pharma City,
Parawada, Visakhapatnam, 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 authorised 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 **March 31, 2021**, (i.e. from April 1, 2020 to March 31, 2021) 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 March 31, 2021 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 Byelaws 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;

 (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) Regulations, 2014;

 (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) 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 incorporated a wholly owned subsidiary named M/s. Laurus Synthesis Private Limited in May, 2020 in India;

2. The Company has acquired 100% stake of M/s. Pheclong Pharmaceuticals (Pty) Ltd., a South African Company from M/s. Pharmacare Ltd. (Aspen Group) in June, 2020 and renamed the Company as M/s. Laurus Generics SA (Pty) Ltd.

3. The Company has issued and allotted 2,84,500 equity shares of ₹ 10/- each to the eligible employees in July, 2020 under ESOP Schemes 2011 & 2016.

4. The wholly owned subsidiary i.e, M/s. Laurus Synthesis Inc., a USA based Company got merged with M/s. Laurus Generics Inc., a USA Based Step-down Subsidiary of the Company with effect from September 30, 2020 and with this merger the Company got 38% direct holding in M/s. Laurus Generics Inc. and rest 62% is held by M/s. Laurus Holdings Limited, UK, a subsidiary of the Company.

5. The face value of the equity shares of the Company got split from ₹ 10/- each to ₹ 2/- each with effect from October 01, 2020.

6. The Company has received the approvals from the stock exchanges for reclassification of shareholding Dr. Srihari Raju Kalidindi and his immediate relatives from 'Promoter Category' to 'Public Category' with effect from October 28, 2020;

7. The Company through its wholly owned subsidiary, M/s. Laurus Synthesis Private Limited incorporated a Step-Down Subsidiary named M/s. Laurus Ingredients Private Limited in January 2021, in India.

8. The Company has acquired 74.37% stake of M/s. Laurus Bio Private Limited (Formerly M/s. Richcore Lifesciences Private Limited), a Bangalore Based Company in January, 2021.

9. The Company has issued and allotted 6,07,390 equity shares of ₹ 2/- each to the eligible employees in December, 2020 under ESOP Scheme 2016.

For **RPR & ASSOCIATES**
Company Secretaries

Y Ravi Prasada Reddy
Proprietor
FCS No. 5783, C P No. 5360.
UDIN: F005783C000204388

Place: Hyderabad
Date: April 29, 2021

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

Annexure

To
The Members,
M/s. LAURUS LABS LIMITED
Plot No.21, Jawaharlal Nehru Pharma City,
Parawada, Visakhapatnam, 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

Y Ravi Prasada Reddy
Proprietor
FCS No. 5783, C P No. 5360.

Place: Hyderabad
Date: April 29, 2021

Annexure – 5

Annual Report on CSR Activities for FY 2020-21

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

2 **Composition of CSR Committee :**

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

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

4 **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). :** Not Applicable for the year under review

5 **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any :** Not Applicable

S. No	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
		Nil	

6 **Average net profit of the company as per section 135(5) :** 222.20 Crores

7 **a) Two percent of average net profit of the company as per section 135(5) :** ₹ 4.44 Crores

b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil

(c) Amount required to be set off for the financial year, if any : Nil

(d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 4.44 Crores

8 **(a) CSR amount spent or unspent for the financial year :**

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer.	Name of the Fund	Amount	Date of transfer
₹ 5.73 Crores	Not Applicable				

(b) Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
S. No	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
						Nil						

Annexure – 5 Contd.

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
S. No	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project.		Amount spent for the project (in ₹).	Mode of implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1	Connect to Andhra	Promoting Education	Yes	Andhra Pradesh	Visakhapatnam	40,000,000	Yes	Not Applicable	
2	Ration Kits	Eradicating hunger	Yes	Andhra Pradesh	Visakhapatnam	10,629,750	Yes		
3	Road Patch Works at Parawada	Rural development projects	Yes	Andhra Pradesh	Visakhapatnam	1,999,785	Yes		
4	Road Patch Works at Atchutapuram	Rural development projects	Yes	Andhra Pradesh	Visakhapatnam	1,467,462	Yes		
5	Garden Adopton at Tirumala	Ensuring environmental sustainability	Yes	Andhra Pradesh	Visakhapatnam	1,145,000	Yes		
6	Mobile Science Lab	Promoting Education	Yes	Andhra Pradesh	Visakhapatnam	775,716	Yes		
7	Stipend for Gitam University Students	Promoting Education	Yes	Andhra Pradesh	Visakhapatnam	512,876	Yes		
8	School Teacher Salary	Promoting Education	Yes	Telangana	Hyderabad	116,000	Yes		
9	School Teacher Salary	Promoting Education	Yes	Andhra Pradesh	Krishna	29,500	Yes		
10	School Teacher Salary	Promoting Education	Yes	Andhra Pradesh	Visakhapatnam	198,000	Yes		
11	Contribution to Annapoorna Breakfast Programme	Eradicating hunger	Yes	Andhra Pradesh	Visakhapatnam	200,000	Yes		
12	Financial Assistance School	Promoting Education	Yes	Telangana	Hyderabad	200,000	Yes		
13	Stipend for Krishna University Students	Promoting Education	Yes	Andhra Pradesh	Visakhapatnam	61,136	Yes		
	Total					**57,335,225**			

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 5,73,35,225/-

(g) Excess amount for set off, if any :

S. No	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	4.44 Crores
(ii)	Total amount spent for the Financial Year	5.73 Crores
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.29 Crores
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1.29 Crores

9 (a) **Details of Unspent CSR amount for the preceding three financial years**

S. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
		Not Applicable					

(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

1	2	3	4	5	6	7	8	9
S. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing
				Not Applicable				

10 **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year :** Not Applicable

11 **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
Executive Director & CEO

Sd/-
Mr. V. V. Ravi Kumar
Chairman of CSR Committee, ED & CFO

Annexure – 6.1

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)

Sl. No.	Name of the Employee	Designation	Remuneration received (CTC in ₹) FY 2020-21	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	17,85,68,180	Permanent	M.Sc., Ph.D; 35	21-Jan-06	60	Matrix Laboratories Ltd.	88994020	Yes
2	Mr. V. V. Ravi Kumar	Executive Director & Chief Financial Officer	4,39,84,129	Permanent	M.Com, FCMA; 32	30-Nov-06	56	Matrix Laboratories Ltd.	8105000	No
3	Mr. Srinivasa Rao Suryadevara	Executive Vice president	2,56,56,532	Permanent	M.Sc; 27	02-Apr-08	53	Matrix Laboratories Ltd.	905885	No
4	Dr. Chunduru Venkata Dr. Lakshmana Rao C V	Executive Director	2,53,87,524	Permanent	M.Sc., Ph.D; 33	07-Feb-07	59	Mayne Pharma, Australia	13850145	No
5	Mr. Dammalapati Venkata Lakshmi Narasimha Rao	Sr. Vice President	1,98,95,246	Permanent	M.SS; PGDEM; PGDCA;17	04-Sep-07	52	Matrix Laboratories Ltd.	706965	No
6	Dr. Prafulla Kumar Nandi	Sr. Vice President	1,71,32,381	Permanent	Ph.D; 26	11-Jul-16	53	Apotex India	100000	No
7	Mr. Chagarlamudi Sita Ramaiah	Sr. Vice President	1,42,87,575	Permanent	FCA; 21	20-Aug-07	48	Matrix Laboratories Ltd.	530000	No
8	Mr. Suryadevara Srinivasa Rao	Sr. Vice President	1,36,38,776	Permanent	M.Sc; 28	27-Jul-06	54	Auctus Pharma	297145	No
9	Mr. Babchand Nurubasha	Vice President	1,32,93,254	Permanent	M.P.I.B, 20	01-Nov-07	45	Matrix Laboratories Ltd.	382145	No
10	Mr. Pavan Kumar Elisetty	General Manager	1,29,55,494	Permanent	M.B.A, 15	03-Apr-17	39	Mylan Laboratories Limited	29675	No
11	Mr. Girish Kottapalli	Vice President	1,19,68,887	Permanent	B.E, 20	10-Dec-10	46	Ecologic Technologies Pvt. Ltd.	164370	No
12	Mr. Krishna Chaitanya Chava	Executive Vice President	1,15,74,732	Permanent	M.S; M.B.A, 7	17-Apr-17	31	Dr. Reddy's Laboratories Ltd.	20699	Yes
13	Mr. Giridhar Mukkamala	Vice President	1,12,47,556	Permanent	B.Sc, PGDCA, PGDCAQM, 24	19-Nov-07	53	Matrix Laboratories Ltd.	231080	No
14	Dr. Vaidyanathan Narayanaswamy Iyer	Sr. Vice President	1,09,81,093	Permanent	M.Sc; Ph.D, 35	04-Jul-07	58	Cipla Limited	118500	No
15	Mr. Srikant Vasudeorao Pimple	Vice President	1,09,14,151	Permanent	MS; 32	04-Jan-18	57	Uni Chem Labs	14070	No
16	Mr. Narasimha Rao Chava	Sr. Vice President	1,06,05,899	Permanent	M.A, 28	14-Mar-07	53	Dolphin Chemicals Pvt. Ltd.	119675	Yes
17	Dr. Ravikrishna Chebolu	Vice President	1,05,12,722	Permanent	M.Sc., Ph.D, 20	11-Dec-17	50	Aizant Drug Research Solutions Pvt. Ltd.	0	No

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)

Sl. No.	Name of the Employee	Designation	Remuneration received (CTC in ₹) FY 2020-21	Nature Contract/ Permanent	Qualification & Experience in years	Date of commencement of employment	Date of exit of employment	Age of employee	Last Employment held before joining the Company	No. of Equity shares held	Whether relative of Director
						NIL					

Annexure – 6.2

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 and Chief Executive Officer	431
2	Mr. V. V. Ravi Kumar, Executive Director and Chief Financial Officer	106
3	Dr. Lakshmana Rao C V, Executive Director	61
4	Mr. Chandrakanth Chereddi, Non-executive Director	11
5	Dr. Ravindranath Kancherla, Independent Director	6
6	Mrs. Aruna Bhinge, Independent Director	7
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:

Sl. No.	Name & Designation	Increase in percentage
1	Dr. Satyanarayana Chava, Executive Director and Chief Executive Officer	124%
2	Mr. V. V. Ravi Kumar, Executive Director and Chief Financial Officer	96%
3	Dr. Lakshmana Rao C V, Executive Director	153%
4	Mr. Chandrakanth Chereddi, Non-executive Director	-69%
5	Mrs. Aruna Bhinge, Independent Director	8%
6	Dr. Rajesh Koshy Chandy, Independent Director	13%
7	Dr. Ravindranath Kancherla, Independent Director	18%
8	Dr. M. Venu Gopala Rao, Non-executive Chairman and Independent Director	10%
9	Mr. G. Venkateswar Reddy, AVP (Legal & Secretarial) and Company Secretary	33%

3	The percentage increase in the median remuneration of employees in the financial year was	-1%
4	The number of permanent employees on the rolls of the Company as on March 31, 2021 was	4,492
5	Average increment of other than the managerial personnel	11.35%

Annexure – 7

Details of Employees Stock Option Scheme

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

The details of Stock Options as on March 31, 2021 under the Employees Stock Option Scheme-2011 of the Company are as under:

- With the allotment of 6,000 Equity Shares in July, 2020, the Employees Stock Option Scheme, 2011 was completed and closed.

The details of Stock Options as on March 31, 2021 under the Employees Stock Option Scheme-2016 of the Company are as under:

S. No.	Particulars	Grant–1	Grant–2	Total
a	Options granted			
	Options granted initially	1,78,438	5,37,150	7,15,588
	Additional options granted pursuant to Bonus Issue	5,15,814	-	5,15,814
	Total Options granted	6,94,252	5,37,150	12,31,402
	Total Options in force - After Split		25,14,750	25,14,750
b	Options vested	6,06,500	6,25,465	12,31,965
c	Options exercised	6,06,500	6,07,390	12,13,890
d	The total no. of shares arising as a result of exercise of options	6,06,500	6,07,390	12,13,890
e	Options lapsed - After Split	87,752	88,825	1,76,577
f	The Exercise Price (₹)	137.50	292.00	
g	The Exercise Price (₹) - After Split		58.40	
h	Variations of terms of Options	Nil	Nil	Nil
i	Money realised by exercise of options	8,33,93,750.00	3,54,71,576.00	11,88,65,326.00
j	Total number of options in force	0	18,18,535	18,18,535

j. Employee-wise details of options granted during the year 2020-21 to –

(i) Key Managerial Personnel : Nil

(ii) 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

(iii) 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, 2021 under the Employees Stock Option Scheme-2018 of the Company are as under:

S. No.	Particulars	Grant–1	Total
a	Options granted		
	Options granted initially	1,49,750	1,49,750
	Additional options granted pursuant to Split	5,40,000	5,40,000
	Total Options in force - After Split	6,89,750	6,89,750
b	Options vested	--	--
c	Options exercised	--	--
d	The total no. of shares arising as a result of exercise of options	6,89,750	6,89,750
e	Options lapsed	48,500	48,500
f	The Exercise Price (₹)	255.50	
	The Exercise Price (₹) - After Split	51.10	
g	Variations of terms of Options	Nil	Nil
h	Money realised by exercise of options	--	--
i	Total number of options in force	6,41,250	6,41,250

j. Employee-wise details of options granted during the year 2020-21 to –

(iv) Key Managerial Personnel : Nil

(v) 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

(vi) 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 – 8

Conservation of Energy, Technology Absorption, Adaptation and Innovation

(A) Conservation of energy:

(i)	The steps taken or impact on conservation of energy	Various initiatives such as replacement of energy inefficient equipment and heat recovery in AHUs were undertaken. With these initiatives ~6 lakh units of power consumption were saved.
(ii)	The steps taken by the Company for utilising alternate sources of energy	Installed solar roof top panels to the tune of 1.4 MW
(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	No major technology absorption from external sources during the year however there have been various internal technologies developed and used.
(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 quality failures.
(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.
	(b) The year of import	2020
	(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	₹ 179 Crores (Opex), ₹ 5 Crores (Capex) and Total ₹ 184 Crores.

(C) Foreign Exchange Earnings and Outgo:

Total Forex Inflow ₹ 3,325 Crores

Total Forex Outflow ₹ 1,656 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 prioritise 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 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. The size and composition of the Board conforms 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. M. Venu Gopala Rao DIN: 00012704	Chairman, Non-Executive and Independent Director	9	8	1	1	0	Yes
2.	Dr. Satyanarayana Chava DIN: 00211921	Promoter, Executive Director and Chief Executive Officer	9	8	1	0	0	Yes
3.	Mr. V. V. Ravi Kumar DIN: 01424180	Promoter, Executive Director and Chief Financial Officer	9	9	1	0	1	Yes
4.	Dr. Chunduru Venkata Dr. Lakshmana Rao C V DIN: 06885453	Promoter and Executive Director	9	9	1	0	0	Yes
5.	Mr. Chereddi Chandrakanth DIN: 06838798	Non-Executive Director	9	9	1	1	1	Yes
6.	Mrs. Aruna Bhinge DIN: 07474950	Non-Executive and Independent Director	9	9	3	0	4	Yes
7.	Dr. Rajesh Koshy Chandy DIN: 07575240	Non-Executive and Independent Director	9	8	1	0	1	Yes
8.	Dr. Ravindranath Kancherla DIN: 00117940	Non-Executive and Independent Director	9	9	1	0	1	No
9.	*Mr. Narendra Ostawa DIN: 06530414 l	Non-Executive Director	3	2	2	1	4	NA

* Mr.Narendra Ostawal a Non-Executive and Nominee Director has resigned from Board with effect from July 1, 2020 upon sale of stake in the Company by Bluewater Investments Ltd.

The Board met Nine times in FY21. The following are the dates in which the Board Meetings were held:

April 03, 2020, April 30, 2020, May 28, 2020; July 30, 2020; October 17, 2020; October 29, 2020, January 28, 2021, February 03, 2021 and March 18, 2021

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:

Mr. Narendra Ostawal – AU Small Finance Bank Ltd. and Capital First Limited as Nominee Director

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, 30,000 and 17,500 equity shares respectively as on March 31, 2021, none of the Non-Executive Directors are holding any shares or convertible Instruments in the Company.

Details about familiarisation 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 familiarisation programs have been placed on the Company's website at http://lauruslabs.com/Investors/PDF/Policies/Familirisation_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. Lakshmana Rao C V – 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 Kancherla – 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. Lakshmana Rao C V 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 Infosystems (India) Private Limited CIN: U72300TG2014PTC092281	Director	10/01/2014
2.	Laurus Labs Limited CIN: L24239AP2005PLC047518	Whole-time Director	21/01/2006
3.	Pharmaceuticals Export Promotion Council of India CIN: U24239TG2004NPL043058	Director	25/04/2018
4.	Richcore Lifesciences Private Limited CIN: U02423KA2005PTC036770	Director	20/01/2021
5.	NSN Investments (Partnership Firm)	Managing Partner	17/08/2017
6.	Laurus Holdings Ltd (UK Company)	Director	10/07/2017
7.	Laurus Generics Inc (USA Company)	Director	07/08/2017
8.	Laurus Generics SA (Pty) Ltd (South Africa Company)	Director	15/06/2020

Report on Corporate Governance Contd.

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. Lakshmana Rao C V:

Dr. Lakshman 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. Lakshman 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.	Sriam Labs Private Limited CIN: U24239TG2002PTC038490	Director	25/07/2014
2.	Laurus Labs Limited CIN: L24239AP2005PLC047518	Whole Time Director	08/03/2018
3.	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. M. Venu Gopala Rao. The other members of the Committee are Mrs. Aruna Bhinge, Dr. Rajesh Chandy, Mr. Narendra Ostawal (Resigned w.e.f. July 01, 2020) and Mr. Chandrakanth Chereddi (Appointed w.e.f. July 13, 2020). 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 4 (Four) times and the attendance of members is as follows:

Sl. No	Name of the Audit Committee Member	No. of Meetings held	No. of Meetings attended
1.	Dr. M. Venu Gopala Rao Chairman & Independent Director DIN: 00012704	4	4
2.	Mrs. Aruna Bhinge Independent Director DIN: 07474950	4	4
3.	Dr. Rajesh Koshy Chandy Independent Director DIN: 07575240	4	4
4.	Mr. Narendra Ostawal* Non-Executive Nominee Director DIN: 06530414	1	1
5.	Mr. Chandrakanth Chereddi# Non-Executive Director DIN: 06838798	3	3

* Mr. Narendra Ostawal has resigned as a Director of the Company with effect from July 01, 2020.

Mr. Chandrakanth Chereddi Chandy was appointed as a Member of the Audit Committee with effect from July 13, 2020.

(II). Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board is headed by Dr. Ravindranath Kancherla. The other members of the Committee are Dr. Rajesh Koshy Chandy, Mr. Narendra Ostawal (Resigned w.e.f. July 01, 2020) and Mr. Chandrakanth Chereddi (Appointed w.e.f. July 13, 2020). 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, apart from one circular resolution passed, the Nomination and Remuneration Committee met 3 (Three) times and the attendance of members is as follows:

Sl. No	Name of the Audit Committee Member	No. of Meetings held	No. of Meetings attended
1.	Dr. Ravindranath Kancherla. Independent Director DIN: 00117940	2	2
2.	Dr. Rajesh Koshy Chandy Independent Director DIN: 07575240	2	2
3.	Mr. Narendra Ostawal* Non-Executive Nominee Director DIN: 06530414	1	1
4.	Mr. Chandrakanth Chereddi# Non-Executive Director DIN: 06838798	-	-

*Mr. Narendra Ostawal has resigned as a Director of the Company with effect from July 01, 2020.

#Mr. Chandrakanth Chereddi was appointed as a Member of the Audit Committee with effect from July 13, 2020.

Stakeholders' Relationship Committee:

The Stakeholders Relationship Committee is headed under the stewardship of Mr. Narendra Ostawal (Resigned w.e.f July 01, 2020) and Mr. Chandrakanth Chereddi was designated as Chairman of the Committee w.e.f July 13, 2020, who was already a Member of the Committee. The other members of the committee are Mr. V. V. Ravi Kumar and Dr. Ravindranath Kancherla.

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

The Company has received 20 complaints during the year 2020-21; resolved 20 complaints and no complaints were pending as on March 31, 2021.

CSR Committee:

The CSR Committee is headed by Mr. V. V. Ravi Kumar, the other members being Mrs. Aruna Bhinge and Mr. Narendra Ostawal (Resigned w.e.f July 1, 2020) and Mr. Chandrakanth Chereddi (Appointed as Member of the Committee w.e.f July 13, 2020).

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
Mr. Narendra Ostawal
Dr. Rajesh Koshy Chandy
Dr. Lakshmana Rao C V (Appointed w.e.f. March 18, 2021)

Remuneration to Directors:

Details of remuneration paid to Directors during the financial year 2020-21 are as follows:

a. **Executive Directors:**

In Rupees

S. No.	Name of the Director	Salary	Bonus	Perrk	Others	Total
1.	Dr. Satyanarayana Chava	8,16,55,980	8,06,56,021	41,43,120	1,21,13,059	17,85,68,180
2.	Mr. V. V. Ravi Kumar	2,69,95,980	1,13,85,942	27,18,187	28,84,020	4,39,84,129
3.	Dr. Lakshmana Rao C V	1,79,10,984	49,94,400	5,13,120	19,69,020	2,53,87,524

Report on Corporate Governance Contd.

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/₹	Sitting Fee/₹
1.	Dr. M. Venu Gopala Rao	20,00,000	6,50,000
2.	Mrs. Aruna Bhinge	20,00,000	7,00,000
3.	Dr. Rajesh Koshy Chandy	29,63,986	7,50,000
4.	Dr. Ravindranath Kancherla	20,00,000	6,00,000
5.	Mr. Chandrakanth Chereddi	40,00,000	7,50,000

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

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 18, 2021 and all the Independent Directors attended the meeting.

Disclosure of Board Evaluation:

The Performance Evaluation has been carried out for:

(i) The board as a whole,

(ii) Individual directors (including Independent Directors and chairperson) and

(iii) 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 are two suggestions 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:

(i).	Financial Year	2017-18
	Date	July 5, 2018 – 03.00 PM
	Venue	Oyster Hall, Waltair Club, Opposite Government Circuit House, Siripuram, Visakhapatnam – 530003.
	Special Resolutions	1. Laurus Employees Stock Option Scheme, 2018 2. Appointment of Dr. M. Venu Gopala Rao as non-executive independent director of the company
(ii).	Financial Year	2018-19
	Date	11th July, 2019 – 03.00 PM
	Venue	Oyster Hall, Waltair Club, Opposite Government Circuit House, Siripuram, Visakhapatnam – 530003.
	Special Resolutions	1. Approval for payment of remuneration to Dr. Satyanarayana Chava, Executive Director and Chief Executive Officer (DIN 00211921) of the Company. 2. Approval for payment of remuneration to Mr. V. V. Ravi Kumar, Executive Director and Chief Financial Officer (DIN 01424180) of the Company. 3. Approval for payment of remuneration to Mr. Chandrakanth Chereddi, Executive Director (DIN 06838798) of the company. 4. Approval for payment of remuneration to Dr. Lakshmana Rao C V, Executive Director (DIN 06885453) of the Company. 5. Ratification of Laurus Employees Stock Option Scheme, 2018 (ESOP Scheme, 2018). 6. Approval of grant of options under Laurus ESOP Plan 2018 (ESOP 2018) to the eligible employees of the Subsidiary Companies.
(iii).	Financial Year	2019-20
	Date	July 9, 2020 – 03.00 PM
	Venue	Video Conference/Other Audio Visual Means (OAVM)
	Special Resolutions	1. Appointment of Dr. Satyanarayana Chava (DIN 00211921) As Executive Director and Chief Executive Officer of the Company 2. Appointment of Mr. V. V. Ravi Kumar (DIN 01424180) as Executive Director and Chief Financial Officer of the Company 3. Revision of Remuneration of Dr. Lakshmana Rao C V, Whole-Time Director of the Company: 4. Alteration of Clauses of Articles of Association of the Company

Whether any special resolution passed last year through postal ballot – No

Details of Voting Pattern – Not applicable

Person who conducted Postal Ballot – Not applicable

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. 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 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 16th Annual General Meeting of the Company will be held through Video Conference (VC) at 3 p.m. on Thursday, July 15, 2021.

The Financial Year of the Company is from April 1 to March 31, next every year.

The Board has paid three interim dividends @ 40%, 20% and 40% as 1st, 2nd and 3rd interim dividends (i.e. 0.80 ps., 0.40 ps. And 0.80 ps per share of the face value of ₹ 2/- each) in November, 2020, February 2021 and May 2021 for FY2021 and till the convening of Annual General Meeting. Book closure for the purpose of AGM will be from July 9, 2021 to July 15, 2021 (both days inclusive). Cut-off date for e-voting is July 9, 2021.

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

(i). BSE Limited, Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai-400001; and

(ii). National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051.

Report on Corporate Governance Contd.

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:

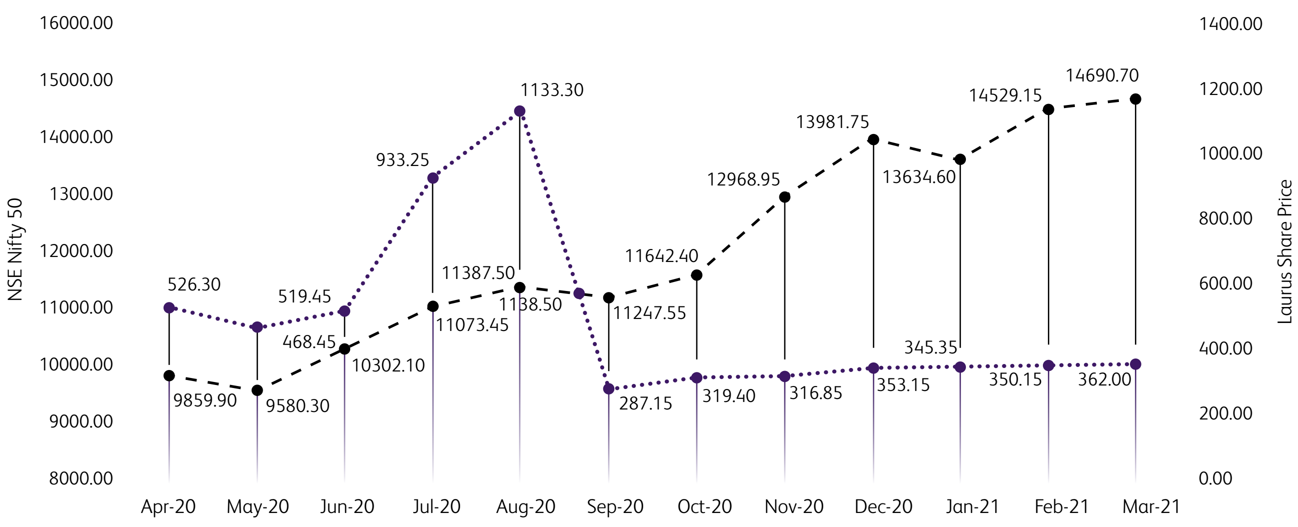
High, low market price during each month in the financial year and volume of shares traded on NSE:

Month	NSE				NIFTY 50		
	High	Low	Close	Volume	High	Low	Close
Apr-20	536.00	316.05	526.30	12148018	9889.05	8055.80	9859.90
May-20	525.00	421.65	468.45	44688152	9598.85	8806.75	9580.30
Jun-20	587.80	461.10	519.45	32132765	10553.15	9544.35	10302.10
Jul-20	945.00	516.35	933.25	43739786	11341.40	10299.60	11073.45
Aug-20	1246.00	952.00	1133.30	52409932	11794.25	10882.25	11387.50
Sep-20	1550.00	283.50	287.15	40288652	11618.10	10790.20	11247.55
Oct-20	344.90	268.40	319.40	115007940	12025.45	11347.05	11642.40
Nov-20	321.00	252.00	316.85	115335746	13145.85	11557.40	12968.95
Dec-20	365.75	311.00	353.15	73435270	14024.85	12962.80	13981.75
Jan-21	385.85	340.00	345.35	59264412	14753.55	13596.75	13634.60
Feb-21	380.00	333.05	350.15	53140111	15431.75	13661.75	14529.15
Mar-21	382.65	334.00	362.00	70094820	15336.30	14264.40	14690.70

With effect from October 1, 2020, the face value of equity shares of the Company was split as ₹ 2/- per share from ₹ 10/- per share. Accordingly, the Share Price got adjusted proportionally.

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



	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
NSE Nifty 50	9859.90	9580.30	10302.10	11073.45	11387.50	11247.55	11642.40	12968.95	13981.75	13634.60	14529.15	14690.70
Laurus Share Price	526.30	468.45	519.45	933.25	1133.30	287.15	319.40	316.85	353.15	345.35	350.15	362.00

NSE Nifty 50 Vs Laurus Share Price

NSE Nifty 50   Laurus Share Price

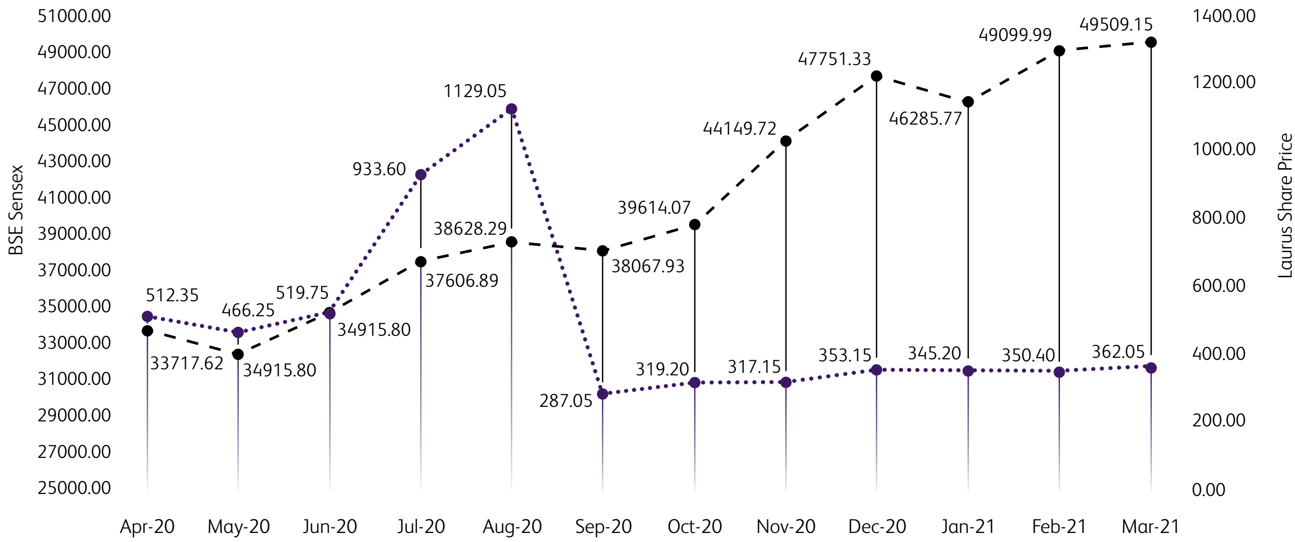
High, low market price during each month in the financial year and volume of shares traded on BSE:

Month	BSE				S&P BSE SENSEX		
	High (₹)	Low (₹)	Close (₹)	Volume	High (₹)	Low (₹)	Close (₹)
Apr-20	535.50	318.20	512.35	680122	33887.25	27500.79	33717.62
May-20	525.00	422.00	466.25	22989784	32845.48	29968.45	32424.10
Jun-20	587.30	461.45	519.75	17343303	35706.55	32348.10	34915.80
Jul-20	943.60	516.40	933.60	2744491	38617.03	34927.20	37606.89
Aug-20	1245.00	952.85	1129.05	4102467	40010.17	36911.23	38628.29
Sep-20	1549.80	284.00	287.05	3274450	39359.51	36495.98	38067.93
Oct-20	345.00	265.00	319.20	9632670	41048.05	38410.20	39614.07
Nov-20	321.00	251.00	317.15	7629152	44825.37	39334.92	44149.72
Dec-20	365.65	310.00	353.15	5401098	47896.97	44118.10	47751.33
Jan-21	385.80	340.00	345.20	3655656	50184.01	46160.46	46285.77
Feb-21	380.00	333.25	350.40	3293153	52516.76	46433.65	49099.99
Mar-21	382.50	334.00	362.05	8392951	51821.84	48236.35	49509.15

With effect from October 1, 2020, the face value of equity shares of the Company was split as ₹ 2/- per share from ₹ 10/- per share. Accordingly, the Share Price got adjusted proportionally.

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



	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
BSE Sensex	33717.62	34915.80	34915.80	37606.89	38628.29	38067.93	39614.07	44149.72	47751.33	46285.77	49099.99	49509.15
Laurus Share Price	512.35	466.25	519.75	933.60	1129.05	287.05	319.20	317.15	353.15	345.20	350.15	362.05

BSE Sensex Vs Laurus Share Price

BSE Sensex   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 Private Limited (Formerly Karvy Fintech 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 Private Limited to facilitate dematerialisation of shares. The Members may contact for the redressal of their grievances to either KFin Technologies or the Company Secretary of the Company.

Report on Corporate Governance Contd.

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

KFin Technologies Private Limited
(Formerly Karvy Fintech Private Limited)
Selenium Building, Tower B, Plot No. 31-32,
Financial District, Nanakramguda,
Serilingampally, Hyderabad,
Telangana, 500032.
Toll Free No.: 1800 309 4001
Email: einward.ris@kfintech.com
Websites: https://www.kfintech.com and/or https://ris.kfintech.com

Distribution of Shareholding as on March 31, 2021:

Category (No. of Shares)		No. of Share Holders	%	No. of Shares	%
1	500	216311	89.50	20265485	3.78
501	1000	10493	4.34	8135465	1.52
1001	2000	6023	2.49	8966407	1.67
2001	3000	2468	1.02	6292298	1.17
3001	4000	1182	0.49	4211737	0.78
4001	5000	996	0.41	4686458	0.87
5001	10000	1783	0.74	13078113	2.44
10001 and above		2421	1.00	470966422	87.77
Total		**241677**	**100.00**	**536602385**	**100.00**

Details of Shareholding in physical mode and electronic mode as on March 31, 2021:

S. No.	Description	% of Shareholders	No. of Shares	% of Equity
1.	Physical	0.00	35	0.00
2.	NSDL	40.06	45,25,77,717	84.34
3.	CDSL	59.94	8,40,24,633	15.66
	Total	**100.00**	**53,66,02,385**	**100.00**

Dematerialisation of shares and liquidity:

53,66,02,350 shares representing 99.999% shares have been in dematerialisation form while 35 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: Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam 531021, Andhra Pradesh, India.

Corporate Office: 2nd 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	₹1291.81 crore	CAREAA-; Stable (Double A Minus; Outlook- Positive)	March 23, 2021
CARE Ratings Limited	Short Term Bank Facilities	₹ 373.20 crore	CARE A1+	March 23, 2021
CARE Ratings Limited	Short Term Commercial Paper	₹ 200 crore (carved out of the sanctioned working capital limits of the company)	CARE A1+	February 12, 2021
CARE Ratings Limited	Short Term Commercial Paper	₹ 200 crore (carved out of the sanctioned working capital limits of the company)	CARE A1+	September 8, 2020
CARE Ratings Limited	Long Term Bank Facilities	₹ 1291.81 crore	CAREAA-; Stable (Double A Minus; Outlook- Stable)	June 30, 2020
CARE Ratings Limited	Short Term Bank Facilities	₹ 373.20 crore	CARE A1+	June 30, 2020
CARE Ratings Limited	Short Term Commercial Paper	₹ 200 crore (carved out of the sanctioned working capital limits of the company)	CARE A1+	May 29, 2020

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/Policies/Related_Party_Transactions_Policy.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:

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 organisation 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

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.

Report on Corporate Governance Contd.

Details of utilisation 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 2020-21 is as follows:

₹ in crore

Particulars	2020-21	2019-20
Statutory Auditors:	0.73	0.50
Tax Audit Fee	0.07	0.05
Limited Review	0.33	0.33
Others	0.12	0.13
Total	**1.25**	**1.01**

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

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

All members of the Board, the executive officers and senior financial officers have affirmed compliance to the Code as on March 31, 2021.

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, 2021.

For Laurus Labs Limited

Place: Hyderabad
Date: April 29, 2021

Dr. Satyanarayana Chava
Chief Executive Officer

Annexure – A

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
Plot No.21, Jawaharlal Nehru Pharma City,
Parawada, Visakhapatnam, 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 Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam, 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

Y Ravi Prasada Reddy
Proprietor
FCS No: 5783, C P No: 5360

Place: Hyderabad
Date: 29th April, 2021
UDIN: F005783C000204641

Annexure – B

Annual Secretarial Compliance Report of
M/s. Laurus Labs Limited for the year ended 31.03.2021
(Pursuant to circular dated 8th February, 2019 issued by SEBI)

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 Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam, 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, 2021 ("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;

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and circulars/ guidelines issued thereunder;

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

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder:

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records;

(c) During the Review Period, no actions have been taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

(d) There were no observations in the previous report ie for the financial year 2019-20. Therefore no actions required by the company to comply with observations.

For **RPR & ASSOCIATES**
Company Secretaries

Place: Hyderabad
Date: 29th April, 2021
UDIN: F005783C000204520

Y Ravi Prasada Reddy
Proprietor
FCS No: 5783, C P No: 5360

Annexure – C

CEO & CFO DECLARATION

Date: April 26, 2021

To
The Board of Directors
Laurus Labs Limited

We, Dr. Satyanarayana Chava, 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, 2021 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, 2021 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.

Thanking you,

For Laurus Labs Limited

Sd/-
Dr. Satyanarayana Chava
Chief Executive Officer

For Laurus Labs Limited

Sd/-
Mr. V. V. Ravi Kumar
Chief Financial Officer

Annexure – D

Certificate on Corporate Governance

To
The Members of
M/s. LAURUS LABS LIMITED
Plot No.21, Jawaharlal Nehru Pharma City,
Parawada, Visakhapatnam, 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, 2021, 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

Y Ravi Prasada Reddy
Proprietor
FCS No: 5783, C P No: 5360

Place: Hyderabad
Date: 29th April, 2021
UDIN: F005783C000204663

The Board of Directors
Laurus Labs Limited
2nd Floor, Serene Chambers,
Road Number 7, Banjara Hills,
Hyderabad - 500 034
Telangana, India.

Independent Auditors' Certificate

1. This certificate is issued in accordance with the terms of our engagement letter dated November 30, 2020.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm's Registration No: 117366W I W - 100018), the Statutory Auditors of Laurus Labs Limited, ("the Company") having its registered office at Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam-531021, have examined the implementation of Employee Stock Option Scheme 2011 ("ESOP 2011"), Employee Stock Option Scheme 2016 (''ESOP 2016") and Employee Stock Option Scheme 2018 ("ESOP 2018"), of the Company for the year ended March 31, 2021as stipulated under Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (''SEBI Regulations"), as amended from time to time.

Management's Responsibility

3. The implementation of the ESOP 2011, ESOP 2016 and ESOP 2018, in accordance with the SEBI Regulations, as amended from time to time, and also in accordance with the resolutions of the company is the responsibility of the Management of the Company. The Management of the Company is also responsible for design, implementation and maintenance of internal control relevant to the preparation and presentation of the said ESOP 2011, ESOP 2016 and ESOP 2018, maintenance of proper books of account, other relevant records and documents as prescribed under the aforesaid Regulations.

Auditor's Responsibility

4. Our responsibility, for the purpose of this certificate, is limited to the review of the procedures and implementation thereof, adopted by the Company for the year ended March 31, 2021 in respect of the compliance with the aforesaid SEBI Regulations, as stipulated in Regulation 13 of the SEBI Regulations.

5. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, as applicable. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination as above, and according to the information and explanations provided to us by the Management of the Company, we certify that the ESOP 2011, ESOP 2016 and ESOP 2018 of the Company referred to above, have been implemented for the year ended March 31, 2021 in accordance with the SEBI Regulations, as amended from time to time, and in accordance with the resolutions of the members of the Company.

Restriction on Use

8. This Certificate is addressed to and provided to the Board of Directors of the Company for the purpose of placing the same before the shareholders of the Company at the ensuing Annual General Meeting of the Company and should not be used for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan
Partner
(Membership No. 201193)
(UDIN: 21201193AAAADB4315)

Place: Hyderabad
Date: April 29, 2021

Business Responsibility Report

Overview:

Laurus Labs strives for innovation to enhance quality and to provide affordable integrated pharmaceutical solutions to facilitate wellness and wellbeing across the globe. One Quality for all the Markets is the philosophy under which the Company operates its businesses. The Company strives to seek greater alignment between its stakeholders to generate value in the long term by delivering its promise.

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company	L24239AP2005PLC047518
2. Name of the Company	Laurus Labs Limited
3. Company Address	Registered Office: Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531 021, Andhra Pradesh, India. Corporate Office: 2nd Floor, Serene Chambers, Road No.7, Banjara Hills, Hyderabad – 500 034, Telangana, India.
4. Website	www.laurusIabs.com
5. E-mail ID	secretarial@lauruslabs.com
6. Financial year reported	April 1, 2020 to March 31, 2021
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code of product/service:21001/21002 Description: Manufacturing of active pharmaceutical ingredients
8. List of three key products/services that the Company manufactures / provides (as in balance sheet)	Laurus manufactures Active Pharmaceutical Ingredients (API) for anti-retroviral, oncology, cardio vascular, diabetic and hypertension, nutraceutical and other products. Key Products: Efavirenz, Tenofovir (TDF), Gemcitabine and Finished Dosage Forms (FDF) of these Products
9. Total number of locations where business activity is undertaken by the Company	» There are six manufacturing facilities and one R&D Centre. » Sriam Labs Private Limited., the Subsidiary of the Company, has one manufacturing facility around Hyderabad. » Laurus Synthesis Private Limited, the Subsidiary of the Company has one manufacturing facility in Visakhapatnam. » Laurus Bio Private Limited (Formerly Richcore Lifesciences Private Limited), Subsidiary of the Company has one manufacturing facility in Bangalore. » Laurus Generics SA (Pty) Ltd., a Subsidiary of the Company has its office at P O Box 1587, Gallo Manor, Gauteng, 2052 » Laurus Holdings Limited, an UK Subsidiary of the Company has office Unit 32, City Business Centre, Hyde Street, Winchester Hants, SO23 7TA, United Kingdom. » Laurus Generics Inc., an US step down Subsidiary of the Company has office at 200, Bellevue Parkway, Suite 210, Wilmington, County of New Castle – 19809. » Laurus Generics GmbH, a German step down Subsidiary of the Company has office at C/o. Alfred E. Tiefenbacher, Van-Der-Smissen-Strasse 1, Hamburg DE – 22767. » Laurus Ingredients Private Limited, a Indian Step Down Subsidiary of the Company has its registered office at 2nd Floor, Serene Chambers, Road No. 7, Banjara Hills, Hyderabad – 500 034, Telangana, India
10. Markets served by the Company – Local/state/ national/international	The Company, in addition to marketing its products domestically, also markets its products globally over 60 countries. Around 65 % of sales are generated from international markets.

Section B: Financial details of the Company:

1. Paid up Capital	₹ 107.32 Crores
2. Total Turnover	Gross turnover of ₹ 4768.72 Crores on standalone basis.
3. Total Profit After Tax	₹ 956.11 Crores on standalone basis.
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	CSR spend during the financial year 2020-21 was ₹ 5.73 Crores (2.60 %) of last three years average Profit After Tax on standalone basis)
5. List of activities in which the expenditure in 4 above has been incurred	Education Health Rural sports promotion, Eradicating hunger, poverty and malnutrition etc.

Business Responsibility Report Contd.

Section C: Other Details:

1. Does the Company have any subsidiary Company/companies	Yes, the Company has five Subsidiaries and three step down Subsidiaries, three Subsidiaries is located in India, one in United Kingdom and one in South Africa. One Step down Subsidiary is located in India, One in United States of America and one in Germany.
2. Do the subsidiary company/ companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The parent company undertakes majority of the BR initiatives
3. Do any other entity/entities (eg. Suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities.	Entities like suppliers, distributors did not participate in the Company BR initiatives in the reporting period.

Section D: BR Information

1. Details of Director responsible for BR

a. Details of the Director responsible for implementation of the BR policies:

Particulars	Details
DIN Number	00211921
Name	Dr. Satyanarayana Chava
Designation	Chief Executive Officer
Telephone No.	040-39804333
E-mail ID	secretarial@lauruslabs.com

b. Details of the BR head: Same as above

2. Principle-wise (as per NVGs) BR Policy/policies

Details of Compliance:

S. No.	Questions	Ethics	Product Lifecycle Sustainability*	Employees wellbeing	Stakeholders engagement	Human rights	Environment	Policy advocacy	Community Development (CSR)	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policies for	Yes	No	Yes	No formal policy yet	No formal policy yet	Yes	No	Yes	No
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.
3	Does the policy conform to any national/international standards? If yes, specify.	Yes, We follow GRI guidelines	N.A.	Yes. We follow ISO45001	NA	NA	Yes**	NA	Yes	NA
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Approved by HOD	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.
5	Does the Company have a specified committee of the Board/Director/official to oversee the implementation of the policy	Yes	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.
6	Indicate the link for the policy to be viewed on-line	www.lauruslabs.com, Intranet	N.A.	Intranet	NA	NA	Intranet	NA	www.lauruslabs.com	N.A.
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.
8	Does the Company have in-house structure to implement the policies?	Yes	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.

S. No.	Questions	Ethics	Product Lifecycle Sustainability*	Employees wellbeing	Stakeholders engagement	Human rights	Environment	Policy advocacy	Community Development (CSR)	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
9	Does the Company have a grievance redressal mechanism related to the policies to address stakeholders' grievances related to the policies?	Yes	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	No	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.

The policies are framed as per the national standards applicable to India.

* Definition Product Lifecycle Sustainability: It is an approach to managing the stages of – product existence so that any negative impact on the environment is minimised. Although we have done Life Cycle Assessment) for Curcumin and Resvertrol in earlier years, there is no policy in place.

** Policy is in line with ISO 14001 international standards.

3. Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company: **Annually**.

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? **BR is published as part of Annual Report every year and Sustainability Report is being prepared for every two years and latest report is of FY 2019-20 placed on the website of the Company at www.lauruslabs.com**.

Section-E : Principle-wise Performance

Principle-1 – Ethics

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the group/joint ventures/suppliers/contractors/NGOs/ others?

   The Company is committed to building a strong ethical organisation. Currently, the policy relating to ethics, bribery and corruption cover only the Company. However, the Company has adopted a Code of Conduct policy which is applicable to all supervisory, executive and managerial employees of the Company including the board members and also covers subsidiaries as well but not extended to others vendors/others.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

   The Company has received 20 investor complaints and all of them have been resolved satisfactorily and no complaint is pending for resolution as on March 31, 2021.

Principle-2 – Product Life Cycle Sustainability

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   Carbon footprint study carried out for:

   1. Tenofovir Disoproxil Fumarate; and
   2. Dolutegravir

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)

   Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

   Reduction during usage by consumers (energy, water) has been achieved since the previous year?

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.

   The Company has laid down standard operating procedures for the selection of its vendors, which is inclusive of sustainable sourcing aspects. Natural products sourcing is in accordance with Nogoya protocol and Biodiversity Act.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   The Company needs to follow certain procedures in terms of sourcing of materials and based on the availability preference will be given for the domestic sources. Contract workmen were engaged from the local community.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste? Also, provide details thereof, in about 50 words or so.

   Yes, the Company has a mechanism to recycle or dispose waste materials. The solvents are recovered and reused wherever possible in the process.

Business Responsibility Report Contd.

Principle-3 – Employee Wellbeing

1. Please indicate the total number of employees
4492

2. Please indicate the total number of employees hired on temporary/contractual/casual basis
3367

3. Please indicate the number of permanent women employees
357

4. Please indicate the number of permanent employees with disabilities
Nil

5. Do you have an employee association that is recognised by the management?
No

6. What percentage of your permanent employees is member of this recognised employee association?
Not applicable

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.
Nil

8. What percentage of your under-mentioned employees were given safety & skill up-gradation training in the last year?

	R&D (%)	U-1 (%)	U-2 (%)	U-3 (%)	U-4 (%)	U-5 (%)	U-6 (%)	Total (%)
Permanent employees	85	80	70	97.60	60	99	81	82
Permanent women employees	85	95	90	100	90	100	90	93
Casual/Temporary/Contractual employees	95	85	80	100	90	100	75	89
Employees with disabilities	NA	NA	NA	NA	NA	NA	NA	NA

Principle-4 – Stakeholders engagement

1. Has the Company mapped its internal and external stakeholders?
Yes

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?
Yes

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.

The Company implements all special protection rights such as Whistle blower mechanism, minority shareholders' rights etc. and implements all Corporate Governance Practices with highest standards so that all stakeholders gets their due share of benefits.

Principle-5 – Human Rights

1. Does the policy of the Company on human rights cover only the Company or extend to the group/joint ventures/suppliers/contractors/NGOs/others?

The Company is yet to implement the formal policy.

2. How many stakeholder complaints have been received in the past financial year and what per cent was satisfactorily resolved by the management?
Nil

Principle 6 – Environment

1. Does the policy cover only the Company or extends to the group/joint ventures/suppliers/contractors/NGOs/others?
The Company and its subsidiaries

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warning, etc.?

Few assessments conducted for carbon foot print study. As part of the global warming and climate change, Company complies with avoiding use of ozone depleting chemicals CTC, EDC, CFC etc.,

3. Does the Company identify and assess potential environmental risks?

Yes. New products are introduced after proper HAZOP and environmental impact assessment. Also company carries out aspect-impact study for all activities and based on the assessment necessary actions are initiated to control the environmental impact if any.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so?
No

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy etc.?

Yes. To minimise power usage LED lights have been used and more efficient agitators, temperature controller for process cooling tower fans, VFD arrangement to screw compressors, chillers, AHUs etc. have been provided. Solar panels are installed at units to use renewable energy as well. To promote clean and green transportation we are using battery operated vehicle and electrical vehicle inside the plant.

6. Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?
   Yes

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at the end of the financial years.
   Nil

Principle-7 – Policy advocacy

1. Is your company a member of any trade and chamber of association? If yes, Name only those major ones that your business deals with.

   The Company is a member in –
   Confederation of Indian Industry
   Pharmaceuticals Export Promotion Council of India
   The Federation of TG and AP Chambers of Commerce & Industry (FTAPCCI)
   Bulk Drugs Manufacturers Association
   JNPC Manufacturers Association
   The Associated Chambers of Commerce & Industry of India
   Indo American Chamber of Commerce, Hyderabad
   Indian Drug Manufacturers Association
   Federation of Indian Chambers of Commerce and Industry

2. Have you advocated/lobbied through above associates for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas.

   No, but the Company implements various CSR activities for the advancement or improvement of public good.

Principle-8 – Community Development (CSR)

1. Does the company have specified programs/initiatives/projects in pursuit of this policy? If yes, details thereof.

   Promoting Education, Health and sanitation. The Company collaborated with Universities for providing practical training as part of curriculum in M.Sc course.

2. Are the programs/projects undertaken through in-house team/ own foundation/ external NGO/government structures/any other organisation?
   In house team

3. Have you done any impact assessment of your initiative?
   Yes.

4. What is your Company's direct contribution to community development projects – amount and details of the projects undertaken?

   ₹ 5.73 Crores, detailed CSR Projects have been provided in the Board's Report which forms part of Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?
   Yes

Principle-9 – Customer value

1. What percentage of customer complaints/consumer cases are pending as on the end of the financial year?
   Nil

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?
   Based on specific customer requirement

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of the financial year?
   Nil

4. Did your Company carry out any consumer survey/consumer satisfaction trends?
   No

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 31 March 2021, and 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 31 March 2021, 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 specified under section 143(10) of the Act (SAs). 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.

Key Audit Matter	Auditor's Response
Revenue recognition - Refer note 17 of the standalone financial statements	**Principal audit procedures:**
The Company recognises revenue from products based on the terms and conditions of transactions which varies with different customers. 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. 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.	We obtained an understanding of the revenue recognition process and tested the Company's controls around the timely and accurate recording of sales transactions. We have obtained an understanding of a sample of customer contracts. We tested the access and change management controls of the relevant information technology system in which shipments are recorded. 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.

Information Other than the 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 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.

Management's Responsibility 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 statement 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those 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 system 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, 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.

   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.

Independent Auditor's Report Contd.

e. On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 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 over financial reporting 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 over financial reporting.

g. In our opinion and according to the information and explanations given to us, as mentioned in note 40 of the standalone financial statements, the Company subject to shareholders' approval made provision for payment of managerial remuneration to three executive directors in excess of the approvals obtained earlier under section 197 read with Schedule V to the Companies Act, 2013 aggregating INR 7.48 crores for the year ended March 31, 2021. The amount remains unpaid as at March 31, 2021 and subsequently thereof upto the date of our report of even date.

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 ;

   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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("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: 21201193AAAACZ7740)

Place: Hyderabad
Date: April 29, 2021

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 under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Laurus Labs Limited** ("the Company") as of March 31, 2021 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 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 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 Company's internal financial controls over financial reporting 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. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting 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)
(UDIN: 21201193AAAACZ7740)

Place: Hyderabad
Date: April 29, 2021

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)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed on property provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date. In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

a) The terms and conditions of the grant of such loan are, in our opinion, prima facie, not prejudicial to the Company's interest.

b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

c) There is no overdue amount remaining outstanding as at the year-end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits, in respect of which compliance with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 is required.

(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 cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Value Added Tax and customs duty which have not been deposited as on March 31, 2021 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ in crores)	Amount unpaid (₹ in crores)
Income-Tax Act, 1961	Income Tax	Hon'ble High Court of Karnataka	A.Y. 2008-09	1.01	0.31
AP VAT Act, 2005	Sales Tax	Sales Tax and VAT Appellate Tribunal, Andhra Pradesh	2014-2016	0.36	0.27
Finance Act, 1994	Service Tax	CESTAT	2010-15	19.21	18.83
		CESTAT	2015-17	14.64	13.98
Customs Act, 1962	Customs Duty	CESTAT	2012-13	16.30	14.30

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures. The Company has not taken any loans and borrowings from financial institutions and government.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, as mentioned in note 40 of the standalone financial statements, the Company subject to shareholders' approval made provision for payment of managerial remuneration to three executive directors in excess of the approvals obtained earlier under section 197 read with Schedule V to the Companies Act, 2013 aggregating INR 7.48 crores for the year ended March 31, 2021. The amount remains unpaid as at March 31, 2021 and subsequently thereof upto the date of our report of even date.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, 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.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or subsidiary companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan
Partner
(Membership No. 201193)
(UDIN: 21201193AAAACZ7740)

Place: Hyderabad
Date: April 29, 2021

Balance Sheet as at March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	Notes	March 31, 2021	March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,768.22	1,641.55
Right-of-use assets	41A	40.94	42.89
Capital work-in-progress	3	324.17	66.53
Intangible assets	4	8.88	9.74
Financial assets			
Investments	5A	318.89	58.32
Other financial assets	5C	39.60	32.53
Deferred tax assets (net)	6	-	69.76
Income tax assets (net)	16A	0.71	0.71
Other non-current assets	7A	82.33	32.69
Total non-current assets		**2,583.74**	**1,954.72**
Current assets			
Inventories	8	1,533.52	893.47
Financial assets			
Trade receivables	9	1,279.82	778.04
Cash and cash equivalents	10A	38.78	0.88
Other balances with banks	10B	-	0.05
Loans	5B	44.85	0.49
Other financial assets	5C	38.76	38.81
Other current assets	7B	105.72	72.90
Total current assets		**3,041.45**	**1,784.64**
Total assets		**5,625.19**	**3,739.36**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	107.32	106.91
Other equity		2,604.92	1,708.89
Total equity		**2,712.24**	**1,815.80**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	13A	382.64	165.00
Lease liabilities	41A	19.87	20.56
Provisions	15A	60.10	44.53
Deferred tax liability (net)	6	26.87	-
Other non-current liabilities	14A	71.84	56.75
Total non-current liabilities		**561.32**	**286.84**
Current liabilities			
Financial liabilities			
Borrowings	13B	876.90	762.44
Trade payables			
-total outstanding dues of micro enterprises and small enterprises	13C	32.41	9.35
-total outstanding dues of creditors other than micro enterprises and small enterprises	13C	1,126.13	594.21
Lease liabilities	41A	1.87	1.99
Current maturities and other liabilities	13D	217.33	167.02
Other current liabilities	14B	72.70	77.36
Provisions	15B	12.27	10.91
Income tax liabilities (net)	16B	12.02	13.44
Total current liabilities		**2,351.63**	**1,636.72**
Total - equity and liabilities		**5,625.19**	**3,739.36**
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 29, 2021

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

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

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

Place: Hyderabad
Date: April 29, 2021

Mr. G. Venkateswar Reddy
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
I. INCOME			
Revenue from operations	17	4,768.72	2,797.34
Other income	18	21.96	4.86
Total income (I)		**4,790.68**	**2,802.20**
II. EXPENSES			
Cost of materials consumed	19	2,375.35	1,604.76
Purchase of traded goods		96.23	15.88
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(296.45)	(218.09)
Employee benefits expense	21	401.88	324.00
Other expenses	22	681.84	500.56
Total expenses (II)		**3,258.85**	**2,227.11**
III. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		**1,531.83**	**575.09**
Depreciation and amortisation	3 & 4 & 41A	196.64	183.85
Finance income	23A	(5.36)	(0.95)
Finance costs	23B	65.92	87.71
IV. Profit before tax		**1,274.63**	**304.48**
V. Tax expense	27		
Current tax		334.98	53.00
Deferred tax		(16.46)	(15.57)
Income tax expense		**318.52**	**37.43**
VI. Profit for the year (IV-V)		**956.11**	**267.05**
Other comprehensive income (OCI)	24		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement gains/(losses) on defined benefit plans		(6.58)	(1.42)
Tax on remeasurement of defined benefit plans		2.30	0.50
		(4.28)	**(0.92)**
Items that will be reclassified subsequently to profit or loss:			
Fair value movements on cash flow hedges		14.44	(13.37)
Tax on fair value movements on cash flow hedges		(5.04)	4.67
		9.40	**(8.70)**
Total other comprehensive income for the year, net of tax		**5.12**	**(9.62)**
Total comprehensive income for the year, net of tax		**961.23**	**257.43**
Earnings per equity share ₹ 2/- each fully paid (March 31, 2020: ₹ 2/- each fully paid)	25		
Computed on the basis of total profit for the year			
Basic (₹)		17.85	5.01
Diluted (₹)		17.77	5.01
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 29, 2021

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

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

Place: Hyderabad
Date: April 29, 2021

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

Mr. G. Venkateswar Reddy
Company Secretary

Statement of Changes in Equity for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

a. Equity share capital

Equity shares of ₹10 each, fully paid up	No.	₹
As at March 31, 2019	**106,436,749**	**106.44**
Issued during the year - ESOP	477,750	0.47
As at March 31, 2020	**106,914,499**	**106.91**
Issued during the year - ESOP	891,890	0.41
Stock split * (₹10/- each into ₹ 2/- each)	428,795,996	-
As at March 31, 2021	**536,602,385**	**107.32**

* The Board of Directors, at their meeting held on April 30, 2020, recommended for the sub-division of equity shares of the Company from existing face value of ₹ 10/- each to face value of ₹ 2/- each (i.e. split of 1 equity share of ₹ 10/- each into 5 equity shares of ₹ 2/- each), and the same has been approved by the shareholders in the Annual General Meeting of the Company held on July 09, 2020 and the Board of Directors, at their meeting held on July 30, 2020 fixed the "record date" of September 30, 2020. Accordingly, equity shares of the Company of ₹ 10/ has been sub-divided into 5 equity shares of ₹ 2/- each w.e.f. September 30, 2020.

b. Other equity

Particulars	Reserves and surplus				Other comprehensive income		Total
	Capital reserve	Securities Premium	Share based payments reserve	Retained Earnings	Effective portion of cash flow hedge	Re-measurement gains or losses on employee defined benefit plans	
As at March 31, 2019	**1.79**	**678.66**	**5.37**	**803.63**	**(0.70)**	**(4.29)**	**1,484.46**
Impact on account of adoption of Ind AS 116 (refer note no. 41A)			-	(0.22)			(0.22)
Profit for the year	-	-	-	267.05	-	-	267.05
Expense arising from equity-settled share-based payment transactions	-	-	3.67	-	-	-	3.67
Transferred from stock options outstanding	-	6.54	(4.41)	-	-	-	2.13
Dividend on equity shares	-	-	-	(32.00)	-	-	(32.00)
Tax on dividend on equity shares	-	-	-	(6.58)	-	-	(6.58)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	(8.70)	-	(8.70)
Remeasurement on net defined benefit liability, net of tax	-	-	-	-	-	(0.92)	(0.92)
As at March 31, 2020	**1.79**	**685.20**	**4.63**	**1,031.88**	**(9.40)**	**(5.21)**	**1,708.89**
Profit for the year		-	-	956.11	-	-	956.11
Expense arising from equity-settled share-based payment transactions		-	2.89	-	-	-	2.89
Transferred from stock options outstanding		9.57	(2.62)	-	-	-	6.95
Dividend on equity shares		-	-	(75.04)	-	-	(75.04)
Effective portion of changes in fair value of cash flow hedges, net of tax		-	-	-	9.40	-	9.40
Remeasurement on net defined benefit liability, net of tax		-	-	-	-	(4.28)	(4.28)
As at March 31, 2021	**1.79**	**694.77**	**4.90**	**1,912.95**	**-**	**(9.49)**	**2,604.92**

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 29, 2021

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

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

Place: Hyderabad
Date: April 29, 2021

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

Mr. G. Venkateswar Reddy
Company Secretary

Statement of Cash Flows for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	1,274.63	304.48
Cash Flows from operating activities		
Adjustments for :		
Depreciation and amortisation	196.64	183.85
Loss on sale of fixed assets (net)	0.85	0.81
Finance income	(5.36)	(0.95)
Interest expense	56.16	82.68
Share based payment expense	2.89	3.67
Net (gain)/loss on foreign exchange fluctuations (unrealised)	(13.12)	14.84
Provisions no longer required written back	-	(0.23)
Allowance for bad and doubtful advance and debts	2.37	3.52
Operating profit before working capital changes	**1,515.06**	**592.67**
Movement in working capital:		
Increase in inventories	(640.05)	(227.56)
Increase in trade receivables	(516.66)	(75.35)
Increase in financial and non-financial assets	(34.56)	(34.85)
Increase in trade payables	561.30	112.93
Increase in financial, non-financial liabilities and provisions	35.42	16.29
Cash generated from operations	**920.51**	**384.13**
Income tax paid	(226.06)	(39.45)
Net cash flows from operating activities (A)	**694.45**	**344.68**
Cash flows used in investing activities		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(596.55)	(217.96)
Proceeds from sale of property, plant and equipment	0.29	0.18
Movement in other bank balances	0.05	-
Investment in subsidiaries	(260.57)	-
Loan given to subsidiaries (net)	(44.22)	-
Interest received	1.32	0.95
Net cash flows used in investing activities (B)	**(899.68)**	**(216.83)**
Net cash flows from financing activities		
Proceeds from exercise of employee stock options	7.38	2.61
Repayment of long - term borrowings	(95.12)	(99.02)
Proceeds from long - term borrowings	350.00	-
Proceeds from Short - term borrowings (net)	114.57	94.24
Payment of lease liabilities	(2.61)	(2.56)
Dividend paid	(75.04)	(32.00)
Tax on dividend	-	(6.58)
Interest paid	(56.05)	(84.17)
Net cash flows from/(used in) financing activities (C)	**243.13**	**(127.48)**
Net increase in cash and cash equivalents (A+B+C)	37.90	0.37
Cash and cash equivalents at the beginning of the year	0.88	0.51
Cash and cash equivalents at the year end	**38.78**	**0.88**
Components of cash and cash equivalents:		
Cash on hand	0.14	0.21
Balances with banks		
On current accounts	38.64	0.67
Total cash and cash equivalents	**38.78**	**0.88**

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 29, 2021

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

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

Place: Hyderabad
Date: April 29, 2021

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

Mr. G. Venkateswar Reddy
Company Secretary

Notes to Financial Statements for the year ended March 31, 2021

(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 Plot no. 21, Jawaharlal Nehru Pharma city, Parawada, Vishakapatnam, Andhra Pradesh, India - 531201.

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 29, 2021.

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.

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.

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 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

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

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 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. Revenue is measured at the fair value of the 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, but generally occurs on delivery to the customer. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Sale of services

Revenue from contract research operations is recognised based on services performed till date as a percentage of total services. The agreed milestones are specified in the contracts with customers which determine the total services to be performed.

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.

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

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 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 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.

Dividend Distribution Tax

Final Dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The entity recognised the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). The Company is now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

(g) Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment and capital wok 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

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

that cost of acquisition or construction at deemed cost as at 1 April 2015.

Capital work in progress, 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.

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.

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.

(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) Business combinations

Business combinations are accounted for using the purchase (acquisition) method as per the provisions of Ind AS 103, Business Combinations. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the date of exchange by the Company.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business acquisition are expensed as incurred.

The cost of an acquisition also includes the fair value of any contingent consideration measured as at the date of acquisition. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the statement of profit and loss.

Common Control business combinations:

The Company accounts for business combinations involving entities or businesses under common control using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts. The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor shall be transferred to capital reserve and should be presented separately as Common Control Transactions Capital reserve.

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Goodwill:

The excess of the cost of an acquisition over the Company's share in the fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill. If the excess is negative, a bargain purchase gain is recognised in equity as capital reserve. Goodwill is measured at cost less accumulated impairment (if any).

(j) 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. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application.

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 recognises 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 recognises 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 recognised 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 amortised 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. Further, refer note no. 41 A, for effect of transition to Ind AS 116, classification of leases and other disclosures relating to leases.

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.

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.

(k) 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.

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

(l) 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.

(m) 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.

(n) Provisions

General

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.

(o) 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 recognises 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 recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

sheet date, then excess is recognised 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.

(p) 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 (SBP) 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 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.

(q) 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. 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

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

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:

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%

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(All amounts in Crore Rupees except for share data or as otherwise stated)

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 recognised 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 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.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

Notes to Financial Statements for the year ended March 31, 2021

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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.

(r) 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.

(s) 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.

The purchase contracts that meet the definition of a derivative under Ind-AS 109 are recognised in the Statement of Profit and Loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Hedges of highly probable forecasted transactions

The Company classifies foreign currency forward contracts as derivative instruments in a cash flow hedging relationship to hedge foreign currency risk associated with highly probable forecasted transactions.

The use of foreign currency forward contracts is governed by the Company's policies, which provide written principles on the use of such derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract derivative instruments are remeasured at fair value at each reporting date. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in cash flow hedge account in reserves and surplus as a component of equity and reclassified to the Statement of Profit and Loss as revenue in the period corresponding to the occurrence of the forecasted transactions. Ineffective portion of such derivatives is recognised immediately in Statement of Profit and Loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income /(loss), remains in other comprehensive income until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income/(loss) is recognised immediately in the Statement of Profit and loss.

Hedges of recognised assets and liabilities:

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 recognised 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 recognised in the Statement of Profit and Loss.

(t) 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.

(u) 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 is added to property, plant and equipment and depreciated in accordance with the policies of the Company.

(v) 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.

(w) New standards and interpretations not yet adopted

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

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(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
Gross carrying value							
As at March 31, 2019	92.17	626.87	1,251.05	40.35	14.91	16.08	2,041.43
Additions	-	56.73	169.33	2.44	2.48	2.76	233.74
Disposals	-	-	-	-	-	(3.17)	(3.17)
As at March 31, 2020	**92.17**	**683.60**	**1,420.38**	**42.79**	**17.39**	**15.67**	**2,272.00**
Additions	31.80	52.56	222.34	3.09	2.50	6.61	318.90
Disposals	-	-	(0.10)	-	-	(4.36)	(4.46)
As at March 31, 2021	**123.97**	**736.16**	**1,642.62**	**45.88**	**19.89**	**17.92**	**2,586.44**
Depreciation							
As at March 31, 2019	**-**	**72.15**	**355.33**	**13.50**	**8.00**	**5.57**	**454.55**
Charge for the year	-	28.79	138.92	4.18	2.63	3.56	178.08
Disposals	-	-	-	-	-	(2.18)	(2.18)
As at March 31, 2020	**-**	**100.94**	**494.25**	**17.68**	**10.63**	**6.95**	**630.45**
Charge for the year	-	30.15	150.25	3.92	2.96	3.82	191.10
Disposals	-	-	(0.03)	-	-	(3.30)	(3.33)
As at March 31, 2021	**-**	**131.09**	**644.47**	**21.60**	**13.59**	**7.47**	**818.22**
Net carrying value							
As at March 31, 2019	**92.17**	**554.72**	**895.72**	**26.85**	**6.91**	**10.51**	**1,586.88**
As at March 31, 2020	**92.17**	**582.66**	**926.13**	**25.11**	**6.76**	**8.72**	**1,641.55**
As at March 31, 2021	**123.97**	**605.07**	**998.15**	**24.28**	**6.30**	**10.45**	**1,768.22**

Capital work-in-progress : ₹ 324.17 (March 31, 2020: ₹ 66.53).

Notes:

Pledge on Property, plant and equipment:

Property, plant and equipment (other than vehicles) with a carrying amount of ₹ 1,757.77 (March 31, 2020: ₹ 1,632.83) are subject to a pari passu first charge on the Company's term loans, except to the extent of plant & machinery exclusively charged towards term loan. 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.

Vehicles with a carrying amount of ₹ 10.45 (March 31, 2020: ₹ 8.72) are hypothecated to respective banks against vehicle loans.

4. Intangible assets

Particulars	Computer software purchased	Total intangible assets
Gross carrying value		
As at March 31, 2019	23.08	23.08
Additions	1.42	1.42
Disposals	-	-
As at March 31, 2020	**24.50**	**24.50**
Additions	2.73	2.73
Disposals		-
As at March 31, 2021	**27.23**	**27.23**
Amortisation		
As at March 31, 2019	**10.96**	**10.96**
Charge for the year	3.80	3.80
Disposals	-	-
As at March 31, 2020	**14.76**	**14.76**
Charge for the year	3.59	3.59
Disposals		-
As at March 31, 2021	**18.35**	**18.35**
Net carrying value		
As at March 31, 2019	**12.12**	**12.12**
As at March 31, 2020	**9.74**	**9.74**
As at March 31, 2021	**8.88**	**8.88**

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(All amounts in Crore Rupees except for share data or as otherwise stated)

5. Financial assets

	March 31, 2021	March 31, 2020
A. Investments		
Equity instruments of subsidiaries	315.48	54.91
Others	3.41	3.41
Total	**318.89**	**58.32**
Unquoted investments carried at cost		
Investments in subsidiary		
- 6,100 Equity Shares of Laurus Generics Inc (March 31, 2020: 30,000 Equity Shares of Laurus Synthesis Inc) of US$ 100 each fully paid-up (Note 1)	18.93	18.93
- 14,203,363 (March 31, 2020:14,203,363) Equity Shares of ₹ 10 each of Sriam Labs Private Limited	28.19	28.19
- 8,500 (March 31, 2020: 8,500) Equity Shares of GBP 100 each fully paid-up in Laurus Holding Limited	7.79	7.79
- 100,000 (March 31, 2020:Nil) Equity Shares of ₹10 each of Laurus Synthesis Private Limited (Note 2)	0.10	-
- 2,000 (March 31, 2020: Nil) Equity Shares of ZAR 100 each fully paid-up in Laurus Generics SA (Pty) Limited (Note 3)	0.03	-
- 1,98,278 (March 31, 2020: Nil) Equity Shares of ₹ 10 each fully paid-up in Laurus Bio Private Limited (Note 4)	260.44	-
Total	**315.48**	**54.91**

Notes:

1) During the year ended March 31, 2021, Laurus Synthesis Inc. USA (100% wholly owned subsidiary of the Company) has been merged with Laurus Generics Inc. USA (Step-down subsidiary of the Company) with effect from September 30, 2020. For 30,000 Equity shares of USD 100/- each of Laurus Synthesis Inc., 6,100 Equity shares of USD 100/- each of Laurus Generics Inc., have been allotted based on the share exchange ratio of 1:0.2033.

2) During the year ended March 31, 2021, the Company incorporated wholly owned subsidiary, Laurus Synthesis Private Limited (LSPL) in India.

3) During the year ended March 31, 2021, the Company acquired 100 % shares of Phekolong Pharmaceuticals Pty Ltd, (renamed as Laurus Generics SA (Pty) Ltd) a wholly owned subsidiary of Pharmacare Limited t/a Aspen Pharmacare, South Africa.

4) 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 (Richcore))

	March 31, 2021	March 31, 2020
Unquoted investments (valued at fair value through profit and loss)		
- 3,405,000 (March 31, 2020: 3,405,000) Equity Shares of ₹ 10 each of Atchutapuram Effluent Treatment Ltd	3.41	3.41
Total	**3.41**	**3.41**
B. Loans		
Particulars		
Current (unsecured, considered good unless otherwise stated)		
Other loans		
- Loans to employees	0.63	0.49
- Loans to related party (Refer note no. 33)	44.22	-
Total	**44.85**	**0.49**
C. Other financial assets		
Particulars		
Non-current (unsecured, considered good unless stated otherwise)		
Security deposits	19.09	16.72
Export and other incentives receivable *	20.51	15.81
Total	**39.60**	**32.53**
Current (unsecured, considered good unless stated otherwise)		
Export and other incentives receivable *	38.40	38.78
Insurance claim receivable	0.26	0.03
Derivative financial instruments - asset	0.10	-
Total	**38.76**	**38.81**

* Export and other incentives have been recognised 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, 2021 vide notification no.60/2015-2020 dated 31.03.2021 & 57/2015-2020 dated 31.03.2020

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, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

6. Deferred tax assets/(liability) (Net)

Particulars		March 31, 2021	March 31, 2020
Deferred tax liability			
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		(124.80)	(120.27)
Income tax on deferred revenue on embedded leases		(17.18)	(22.86)
	(A)	**(141.98)**	**(143.13)**
Deferred tax asset			
MAT credit entitlement		82.25	192.59
Expenses allowable on payment basis		14.71	19.38
Other items giving raise to temporary differences		18.15	0.92
	(B)	**115.11**	**212.89**
Deferred tax assets/(liability) (Net)	**(A+B)**	**(26.87)**	**69.76**

For the year ended March 31, 2021:

Particulars	Opening balance	Recognised/ Utilised during the year	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(120.27)	(4.53)	-	(124.80)
Deferred revenue on embedded leases	(22.86)	5.68	-	(17.18)
MAT credit entitlement/ (Utilisation)	192.59	(110.34)	-	82.25
Expenses allowable on payment basis	19.38	(4.67)	-	14.71
Other items giving rise to temporary differences	0.80	19.97	(2.74)	18.03
Impact on account of adoption of Ind AS 116 (refer note no. 41A)	0.12		-	0.12
	69.76	**(93.89)**	**(2.74)**	**(26.87)**

For the year ended March 31, 2020:

	Opening balance	Recognised/ Utilised during the year	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(112.92)	(7.35)	-	(120.27)
Deferred revenue on embedded leases	(28.56)	5.70	-	(22.86)
MAT credit entitlement	175.67	16.92	-	192.59
Expenses allowable on payment basis	11.54	7.84	-	19.38
Other items giving rise to temporary differences	3.18	(7.55)	5.17	0.80
Impact on account of adoption of Ind AS 116 (refer note no. 41A)	0.12	-	-	0.12
	49.03	**15.56**	**5.17**	**69.76**

The Company has accounted for deferred tax assets /(liabilities) (net) of ₹ (26.87) (March 31, 2020: ₹ 69.76) based on approval of business plan by board, agreements entered with customers, orders on hand, successful patent filings and a portfolio of drugs.

7. Other assets

Particulars	March 31, 2021	March 31, 2020
A) Non-current (unsecured, considered good unless otherwise stated)		
Capital advances	68.69	18.91
Advances recoverable in cash & kind	1.50	1.51
Prepayments	10.29	10.70
Balances with statutory/Government authorities	2.00	2.00
Taxes paid under protest	1.35	1.08
	83.83	**34.20**
Less: Allowance for doubtful advances	(1.50)	(1.51)
Total	**82.33**	**32.69**

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	March 31, 2021	March 31, 2020
B) Current (unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or kind	16.98	20.30
Loans and advances to related parties	1.95	-
Prepayments	15.54	11.27
Balances with statutory/Government authorities	66.22	40.59
Others	5.03	0.74
Total	**105.72**	**72.90**

8. Inventories

Particulars	March 31, 2021	March 31, 2020
(At lower of cost and net realisable value)		
Raw materials (including port stock and stock-in-transit ₹ 193.39 (March 31, 2020 : ₹ 59.28)	614.58	288.45
Work-in-progress	443.41	287.53
Finished goods	424.24	283.67
Stores, spares and packing materials	51.29	33.82
Total	**1,533.52**	**893.47**

9. Trade receivables

Particulars	March 31, 2021	March 31, 2020
Unsecured		
Considered good	1,259.93	768.74
Receivable from related parties (Refer note no. 33)	19.89	9.30
Credit impaired	0.35	1.37
	1,280.17	**779.41**
Less: Allowance for doubtful debts	(0.35)	(1.37)
Total	**1,279.82**	**778.04**

a) 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.

b) Trade receivables are non-interest bearing and are generally on terms of 30 - 120 days.

c) Of the trade receivables balance, ₹ 698.65 in aggregate (as at March 31, 2020 ₹ 444.39) is due from the Company's customers individually representing more than 5% of the total trade receivables balance.

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. In calculating expected credit loss, the company has also considered credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

e) Trade receivables is net of bills discounted without recourse amounting to ₹ 234.36 (as at March 31, 2020, ₹ 54.23).

Movement in the expected credit loss allowance	March 31, 2021	March 31, 2020
Balance at the beginning of the year	1.37	2.35
Movement in expected credit loss allowance on trade receivables	(1.02)	(0.98)
Balance at the end of the year	**0.35**	**1.37**

Notes to Financial Statements for the year ended March 31, 2021

(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, 2021	March 31, 2020
A) Cash and cash equivalents		
Balances with banks		
- On current accounts	38.64	0.67
Cash on hand	0.14	0.21
Total	**38.78**	**0.88**
B) Other balances with banks		
On deposit accounts		
- Remaining maturity for less than twelve months	-	0.05
Total	**-**	**0.05**

Deposits with a carrying amount of ₹ Nil (March 31, 2020: ₹ 0.05) are towards margin money given for letter of credit and bank guarantees.

11. Equity share capital

Particulars	March 31, 2021	March 31, 2020
Authorised		
555,000,000* (March 31, 2020: 111,000,000) Equity shares of ₹ 2/- each (March 31, 2020 Equity shares of ₹ 10/- each)	111.00	111.00
Total	**111.00**	**111.00**
Issued, Subscribed and Paid Up		
536,602,385* (March 31, 2020: 106,914,499) Equity shares of ₹ 2/- each (March 31, 2020 Equity shares of ₹ 10/- each)	107.32	106.91
Total	**107.32**	**106.91**

* The Board of Directors, at their meeting held on April 30, 2020, recommended for the sub-division of equity shares of the Company from existing face value of ₹ 10/- each to face value of ₹ 2/- each (i.e. split of 1 equity share of ₹ 10/- each into 5 equity shares of ₹ 2/- each), and the same has been approved by the shareholders in the Annual General Meeting of the Company held on July 09, 2020 and the Board of Directors, at their meeting held on July 30, 2020 fixed the "record date" of September 30, 2020. Accordingly, equity shares of the Company of ₹ 10/ has been sub-divided into 5 equity shares of ₹ 2/- each w.e.f. September 30, 2020.

11.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	For the year ended March 31, 2021		For the year ended March 31, 2020	
Equity Shares of ₹ 2/- (March 31, 2020, ₹ 10/-) each, fully paid up	No.	₹	No.	₹
Balance as per last financial statements (₹ 10/- each)	106,914,499	106.91	106,436,749	106.44
Issued during the year - ESOP	891,890	0.41	477,750	0.47
Sotck split (₹10/- each into ₹ 2/- each)	428,795,996	-	-	-
Outstanding at the end of the year	**536,602,385**	**107.32**	**106,914,499**	**106.91**

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 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, 2021, the amount of dividend (first interim dividend ₹ 0.80, second interim dividend ₹ 0.40 and third interim dividend of ₹ 0.80) per share declared as distribution to equity shareholders was ₹ 2.00 (March 31, 2020: final dividend ₹1.00 and interim dividend ₹ 1.50 {face value of ₹ 10/- each}).

11.2a. Liquidation terms and preferential rights

The liquidation terms of the equity shares are as follows:

(a) 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.

(b) 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, 2021

(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, 2021		March 31, 2020	
Equity shares of ₹ 2/- (March 31, 2020, ₹ 10) each held by	% Holding	No.	% Holding	No.
Dr. Satyanarayana Chava	16.58%	88,994,020	17.62%	18,838,804
Mrs.C.Naga Rani	6.55%	35,132,720	6.91%	7,376,544
Amansa Holdings Private Limited	5.04%	27,067,626	6.12%	6,544,631
Blue Water Investment Limited	-	-	19.63%	20,989,596
FIL Capital Management (Mauritius) Limited	-	-	5.72%	6,118,806

11.4. 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

11.5. Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date:

Particulars	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
No. of equity shares allotted as fully paid bonus shares by capitalisation of securities premium	-	-	-	-	73,971,303

12. Distributions made and proposed

Particulars	March 31, 2021	March 31, 2020
Cash dividends on equity shares declared and paid:		
Final dividend for the financial year 2019-20: ₹ 1.00 (financial year 2018-19: ₹ 1.50) (face value of ₹ 10/- each)	10.69	15.97
Dividend distribution tax on final dividend	-	3.28
Interim dividend for the financial year 2020-21 (fist interim dividend ₹ 0.80 and second interim dividend ₹ 0.40 {face value of ₹ 2/- each}) (financial year 2019-20 interim dividend ₹ 1.50 {face value of ₹ 10/- each})	64.35	16.04
Dividend distribution tax on interim dividend	-	3.30
Total	**75.04**	**38.58**
Proposed dividends on equity shares:		
Final cash dividend	-	10.69
Interim dividend for the financial year 2020-21* (third iterim dividend ₹ 0.80/-)	42.93	-
Total	**42.93**	**10.69**

*The Board of Directors of the Company in their meeting held on April 29, 2021 have approved for payment of third interim dividend and the Company has fixed May 12, 2021 as "Record Date" for determining the eligibility of the Shareholders. Accordingly, the Company not recognised as a liability as at March 31, 2021.

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised it as a liability as at March 31, 2020 Effective from April 01, 2020 : Dividends will be taxed in the hands of receipient, hence there will be no liability in the hands of Company.

13. Financial liabilities

Particulars	March 31, 2021	March 31, 2020
A) Non-current borrowings		
Term loans		
Indian rupee loans from banks (Secured)	234.63	58.33
Foreign currency loans from banks (Secured)	147.60	105.69
Other loans		
Vehicle loans from banks (Secured)	0.41	0.98
Total	**382.64**	**165**
Current maturities of non-current borrowings		
Term loans		
Indian rupee loans from banks (Secured)	72.55	33.33
Foreign currency loans from banks (Secured)	56.89	66.44
Other loans		
Vehicle loans from banks (Secured)	0.54	1.54
	129.98	**101.31**
Less: Amount disclosed under the head "other current financial liabilities"	(129.98)	(101.31)
Total	**-**	**-**

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	March 31, 2021	March 31, 2020
B) Current borrowings		
Cash credits and working capital demand loans		
Indian rupee loans from banks (Secured)	589.00	378.97
Indian rupee loans from banks (Un Secured)	89.09	181.86
Foreign currency loans from banks (Secured)	22.05	140.90
Buyers credit from banks (Secured)	132.93	60.71
Buyers credit from banks (Unsecured)	43.83	-
Total	**876.90**	**762.44**

(a) The details of Indian rupee term loans from banks are as under:

Name of the Bank	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020	Sanction Amount	No. of Instalments	Commencement of instalments	Effective interest rate
State Bank of India (SBI) #	98.85	-	100.00	18 quarterly instalments of ₹ 5.56	December 2021	6M MCLR + 0.10%
HDFC Bank (HDFC)	33.33	60.00	100.00	15 quarterly instalments of ₹ 66.67	November 2018	At MCLR (March 31, 2020: At MCLR)
The Hongkong & Shanghai Banking Corporation (HSBC)	150.00	-	150.00	16 quarterly instalments of ₹ 9.375	July 2021	T Bill + 0.29%
CITI Bank (CITI)	25.00	31.66	40.00	24 quarterly instalments of ₹ 16.67	January 2019	T Bill + 0.28% (March 31, 2020 : T Bill + 0.28%)

During FY 2020, INR TL availed from SBI has been converted to FCNR Loan

(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, 2021	Outstanding as on March 31, 2020	Sanction Amount	No. of Instalments	Commencement of instalments	Effective interest rate
State Bank of India (SBI) - FCNR TL	-	9.52	€ 2.32 Mn	8 quarterly instalments	June 2019	EURIBOR plus 2% p.a.
State Bank of India (SBI) - FCNR TL	-	9.95	US$ 1.99 Mn	6 quarterly instalments	December 2019	LIBOR plus 2% p.a. (March 31, 2020: LIBOR plus 2% p.a.)
State Bank of India (SBI) - FCNR TL	101.44	-	US$ 13.80 Mn	18 quarterly instalments of ₹ 5.55	December 2021	LIBOR plus 2% p.a.
The Hongkong & Shanghai Banking Corporation (HSBC), Singapore	103.06	152.66	US$ 25 Mn	16 quarterly instalments	July 2019	LIBOR plus 0.76% p.a. (March 31, 2020 : LIBOR plus 0.76% p.a.)

(c) All term loans (except HDFC) 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). HDFC Term loan is secured by pari passu first charge on the property, plant and equipment (both present and future).

(d) Vehicle loans from banks are repayable in instalments ranging from 36 to 48 months from the date of the loan and secured by hypothecation of the respective vehicles.

(e) Current borrowings are availed in both Rupee and Foreign currencies. Interest on rupee loans ranges from MCLR plus 0% to 0.50% (March 31, 2020: MCLR plus 0% to 0.50%). Buyers credit loan interest ranges from LIBOR plus 0.08% to 2.00% (March 31, 2020: LIBOR plus 0.27% to 1%). 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, 2020: 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)].

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

C) Trade payables

Particulars	March 31, 2021	March 31, 2020
Valued at amortised cost		
- Total outstanding dues to creditors other than micro enterprises and small enterprises	1,091.27	578.09
- Outstanding dues to related parties (refer note no. 33)	34.86	16.12
Total	**1,126.13**	**594.21**
- Total outstanding dues to micro enterprises and small enterprises (refer note no. 30)	32.41	9.35
Total	**32.41**	**9.35**

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.

D) Current maturities and other liabilities

Particulars	March 31, 2021	March 31, 2020
Current maturities of non-current borrowings (refer note no. 13A)	129.98	101.31
Capital creditors	84.76	52.23
Interest accrued	2.59	2.48
Derivative financial instruments - liability	-	11.00
Total	**217.33**	**167.02**

Interest payable is normally settled monthly/quarterly throughout the financial year.

14. Other non-current and current liabilities

Particulars	March 31, 2021	March 31, 2020
A) Non-current		
Advances from customers	71.84	56.75
	71.84	**56.75**
B) Current		
Advances from customers	61.46	70.56
Unclaimed dividend	0.14	0.06
Statutory dues	11.10	6.74
Total	**72.70**	**77.36**

15. Provisions

Particulars	March 31, 2021	March 31, 2020
A) Non-current provisions		
Provision for gratuity	37.20	24.86
Provision for compensated absences	22.90	19.67
Total	**60.10**	**44.53**
B) Current provisions		
Provision for gratuity	4.41	3.87
Provision for compensated absences	7.86	7.04
Total	**12.27**	**10.91**

16. Income tax assets/liabilities

Particulars	March 31, 2021	March 31, 2020
A) Income tax assets		
Tax paid under protest	0.71	0.71
Total	**0.71**	**0.71**
B) Income tax liabilities		
Provision for taxes (net)	12.02	13.44
Total	**12.02**	**13.44**

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

17. Revenue from operations

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products			
Income from sale of API, Intermediates and Formulations		4,482.15	2,645.15
Income from sale of traded goods		86.98	18.94
	(A)	**4,569.13**	**2,664.09**
Sale of services			
Contract research services		123.10	60.53
	(B)	**123.10**	**60.53**
Other operating revenue			
Sale of scrap		5.14	3.36
Export and other incentives *		32.05	44.41
Others		39.30	24.95
	(C)	**76.49**	**72.72**
Revenue from operations	**(A+B+C)**	**4,768.72**	**2,797.34**

* Export and other incentives have been recognised 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, 2021 vide notification no.60/2015-2020 dated 31.03.2021 & 57/2015-2020 dated 31.03.2020

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.

18. Other income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on foreign exchange fluctuations	17.78	-
Provision no longer required written back	-	0.23
Lease rental income	3.89	3.89
Miscellaneous income	0.29	0.74
Total	**21.96**	**4.86**

19. Cost of materials consumed

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
Raw materials consumed			
Opening stock at the beginning of the year		288.45	289.27
Add : Purchases		2,650.92	1,573.42
		2,939.37	**1,862.69**
Less : Closing stock at the end of the year		614.58	288.45
	(A)	**2,324.79**	**1,574.24**
Packing materials consumed	**(B)**	50.56	30.52
Total	**(A+B)**	**2,375.35**	**1,604.76**

20. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock of inventories		
Finished goods of API, Intermediates and Formulations	283.67	149.35
Work-in-progress of API, Intermediates and Formulations	287.53	203.76
	571.20	**353.11**
Closing stock of inventories		
Finished goods of API, Intermediates and Formulations	424.24	283.67
Work-in-Progress of API, Intermediates and Formulations	443.41	287.53
	867.65	**571.20**
(Increase)/Decrease in inventories of finished goods and work-in-progress	**(296.45)**	**(218.09)**

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(Increase)/Decrease in finished goods of API, Intermediates and Formulations	(140.57)	(134.32)
(Increase)/Decrease in Work-in-Progress of API, Intermediates and Formulations	(155.88)	(83.77)
(Increase)/Decrease in inventories of finished goods and work-in-progress	**(296.45)**	**(218.09)**

21. Employee benefits expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, allowances and wages	286.94	241.89
Contribution to provident fund and other funds	17.67	15.53
Gratuity expense	8.29	6.85
Share based payment expense	2.89	3.67
Managerial remuneration	37.05	24.10
Recruitment and training	0.74	0.85
Staff welfare expenses	48.30	31.11
Total	**401.88**	**324.00**

22. Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of stores and spares	34.93	30.62
Conversion charges	67.54	17.84
Factory maintenance	105.62	85.35
Effluent treatment expenses	52.07	24.61
Power and fuel	149.69	132.62
Repairs and maintenance		
Plant and machinery	30.94	22.90
Buildings	2.42	6.53
Others	2.12	1.42
Product development	30.40	21.52
Testing and analysis charges	0.67	0.76
Rent	1.13	1.13
Rates and taxes	34.21	24.76
Office maintenance	2.48	2.11
Insurance	17.17	15.77
Printing and stationery	2.26	2.21
Consultancy and other professional charges	23.34	22.74
Membership and subscription	6.14	5.52
Remuneration to auditors		
-Audit fee	0.50	0.50
-Tax audit fee	0.05	0.05
-Limited review	0.33	0.33
-Other services	0.09	0.11
-Out of pocket expenses	0.03	0.02
Travelling and conveyance	1.13	5.62
Communication expenses	1.47	2.25
Loss on sale of property, plant and equipment (net)	0.85	0.81
Allowance for bad and doubtful advance and debts	2.37	3.52
Net loss on foreign exchange fluctuations	-	0.74
Carriage outwards	37.47	19.33
Commission on sales	47.38	26.99
Other selling expenses	1.63	2.07
Business promotion and advertisement	18.15	14.26
CSR expenditure (refer note no. 26)	5.73	4.53
Donations	1.43	0.78
Miscellaneous expenses	0.10	0.24
Total	**681.84**	**500.56**

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

23A. Finance Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income on		
Intercorporate loan	4.04	-
Electricity deposits and others	1.32	0.95
Total	**5.36**	**0.95**

23B. Finance costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest		
- on term loans	15.15	15.39
- on working capital loans	36.52	53.01
- on others	2.71	3.29
Total interest expense	**54.38**	**71.69**
Bank charges	9.76	5.04
Exchange differences to the extent considered as an adjustment to finance costs	1.78	10.98
Total	**65.92**	**87.71**

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, 2021	For the year ended March 31, 2020
Remeasurement gains/(losses) on defined benefit plans	(6.58)	(1.42)
Deferred tax on remeasurement of defined benefit plans	2.30	0.50
Fair value movements on cash flow hedges	14.44	(13.37)
Deferred tax on fair value movements on cash flow hedges	(5.04)	4.67
Total	**5.12**	**(9.62)**

25. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit available for equity shareholders	956.11	267.05
Weighted average number of equity shares in computing basic EPS	535,748,294	533,423,806
Add: Effect of dilution		
Stock options granted under ESOP	2,376,365	29,429
Weighted Average number of Equity Shares in computing diluted earnings per share	538,124,658	533,453,236
Face value of each equity share (₹)	2.00	2.00
Earnings per share *		
- Basic (₹)	17.85	5.01
- Diluted (₹)	17.77	5.01

* The equity shares of the Company of ₹ 10/ has been sub-divided into 5 equity shares of ₹ 2/- each w.e.f. September 30, 2020, accordingly EPS has been restated for all the periods.

Notes to Financial Statements for the year ended March 31, 2021

(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 ₹ 4.44 (March 31, 2020 : ₹ 4.05)

CSR Activities	For the year ended March 31, 2021		
	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
	(-)	(-)	(-)
(ii) On purposes other than (i) above	5.73	-	5.73
	(4.53)	(-)	(4.53)

Amounts in bracket indicate previous year numbers

27. Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2021 and for the year ended March 31, 2020 are:

(i) Statement of Profit and Loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax	334.98	53.00
Deferred tax credit*	(16.46)	(15.57)
Total income tax expense recognised in Statement of Profit and Loss	**318.52**	**37.43**

* Including MAT credit entitlement/ (utilisation) of ₹ (110.34) crores (March 31, 2020: ₹ 16.92 crores)

(ii) Other comprehensive income (OCI)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Tax on remeasurement of defined benefit plans	2.30	0.50
Tax on fair value movements on cash flow hedges	(5.04)	4.67
Total tax recognised in OCI	**(2.74)**	**5.17**

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax (A)	1,274.63	304.48
Enacted tax rate in India (B)	34.944%	34.944%
Expected tax expenses (C = A*B)	445.41	106.40
Permanent Difference		
Weighted deduction under section 35(2AB) under the Income Tax Act, 1961	-	(42.29)
Deduction under section 32AD of the Income Tax Act, 1961	-	(16.68)
Expenses disallowed under Income Tax Act, 1961	8.86	6.36
Income exempt from income taxes under section 10 AA	(363.59)	(99.41)
Deferred Tax Liability Originating and reversing during tax holiday period	-	(39.49)
Adjustment for taxes with respect to earlier years	-	5.54
Others	(8.38)	(11.39)
Total (D)	**(363.11)**	**(197.36)**
Profit after adjusting permanent difference	911.52	107.12
Expected tax expense	318.52	37.43
Total Tax expense	318.52	37.43
Effective Tax rate	24.99%	12.29%

(c) The details of component of deferred tax assets/ (liabilities) are given under note 6.

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

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, 2021	March 31, 2020
A) Net employee benefit expense (recognised in Employee benefits expenses)		
Current service cost	6.38	5.27
Interest cost	1.92	1.61
Expected return on plan assets	(0.01)	(0.03)
Net employee benefit expenses	**8.29**	**6.85**
Actual return on plan asset	**(0.01)**	**(0.03)**
B) Amount recognised in the Balance Sheet		
Defined benefit obligation	42.53	28.94
Fair value of plan assets	0.92	0.21
	41.61	**28.73**
C) Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	28.94	21.61
Current service cost	6.38	5.27
Interest cost	1.92	1.61
Benefits paid	(1.29)	(0.97)
Net actuarial (gains) / losses on obligation for the year recognised under OCI	6.58	1.42
Closing defined benefit obligation	**42.53**	**28.94**
D) Change in the fair value of plan assets		
Opening fair value of plan assets	0.21	0.45
Actual return on plan assets	0.01	0.03
Contributions	1.99	0.70
Benefits paid	(1.29)	(0.97)
Closing fair value of plan assets	**0.92**	**0.21**

The Company expects to contribute ₹ 3.87 to the gratuity fund in the next year (March 31, 2020: ₹ 2.56) against the short term liability of ₹ 3.87 (March 31, 2020: ₹ 2.56) 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, 2021	March 31, 2020
Investments with SBI Life Insurance Company Limited	100.00 %	100.00 %

Particulars	March 31, 2021	March 31, 2020
E) Remeasurement adjustments:		
Financial loss/ (gain) on plan assets	(6.58)	(1.42)
Remeasurement gains/(losses) recognised in other comprehensive income:	**(6.58)**	**(1.42)**

(i) The principal assumptions used in determining gratuity and compensated absences for the Company's plans are shown below:

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.90 %	6.80 %
Expected rate of return on assets	6.90 %	6.80 %
Salary rise	11.00 %	12.00 %
Attrition rate	13.00 %	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.

Notes to Financial Statements for the year ended March 31, 2021

(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	March 31, 2021	March 31, 2020
Year 1	4.41	3.87
Year 2	4.21	3.01
Year 3	4.27	2.88
Year 4	4.29	2.88
Year 5	4.36	2.73
Beyond 5 years	20.08	12.72

The average duration of the defined benefit plan obligation at the end of the reporting period is 26.04 years (March 31, 2020: 25.83 years).

(iii) Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	March 31, 2021	March 31, 2020
(a) Effect of 1% change in assumed discount rate on defined benefit obligation		
- 1% increase	(2.85)	(1.81)
- 1% decrease	3.25	2.06
(b) Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
- 1% increase	2.88	1.70
- 1% decrease	(2.69)	(1.62)
(c) Effect of 1% change in assumed attrition rate on defined benefit obligation		
- 1% increase	(0.61)	(0.39)
- 1% decrease	0.68	0.44

(iv) Defined contribution plan

Particulars	March 31, 2021	March 31, 2020
Contribution to Provident Fund	16.00	14.05
Contribution to Superannuation Fund	1.81	1.63

29. Share based payments

ESOP 2011 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme(ESOP) 2011 for issue of stock options to eligible employees of the Company effective from September 19, 2011. 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 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, 2021

(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 2011	Grant I	553,000	20-Sep-13	20-Sep-14	20-Sep-15
ESOP 2011	Grant II	28,000	19-Sep-14	19-Sep-15	19-Sep-16
ESOP 2011	Grant III	38,500	19-Sep-15	19-Sep-16	19-Sep-17
ESOP 2011	Grant IV	75,500	19-Sep-16	19-Sep-17	19-Sep-18
ESOP 2011	Grant V	185,438	19-Sep-17	19-Sep-18	19-Sep-19
ESOP 2016	Grant I	178,438	01-Jul-18	01-Jul-19	01-Jul-20
ESOP 2016	Grant II	537,150	01-Dec-20	01-Dec-21	01-Dec-22
ESOP 2018	Grant I	149,750	01-Dec-21	01-Dec-22	01-Dec-23

Scheme	Date of Grant	Number of options Granted *	Exercise price	Weighted Average Fair value of option at grant date
ESOP 2011	September 19, 2011	553,000	10.00	105.96
ESOP 2011	September 19, 2012	28,000	10.00	163.94
ESOP 2011	September 19, 2013	38,500	10.00	175.94
ESOP 2011	September 19, 2014	75,500	10.00	262.84
ESOP 2011	September 19, 2015	185,438	10.00	525.65
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

* The Company issued bonus shares in the ratio of 3 shares for every 1 share held.

The details of activity under the Scheme ESOP 2011 are summarised below :

Particulars	March 31, 2021	March 31, 2020
	No. of options	No. of options
Outstanding at the beginning of the year	6,000	317,000
Forfeited during the year	-	500
Exercised during the year	6,000	310,500
Outstanding at the end of the year	-	6,000
Exercisable at the end of the year	-	6,000
Weighted average exercise price for all the above options	10	10

The details of activity under the Scheme ESOP 2016 are summarised below :

Particulars	March 31, 2021	March 31, 2020
	No. of options	No. of options
Outstanding at the beginning of the year	783,425	986,000
Granted during the year	-	-
Additional options on adjustment of stock split on September 30, 2020 *	1,977,600	-
Forfeited during the year	56,700	35,325
Exercised during the year	885,890	167,250
Outstanding at the end of the year	1,818,435	783,425
Exercisable at the end of the year	18,065	4,500
Weighted average exercise price for all the above options	292.00	550

Notes to Financial Statements for the year ended March 31, 2021

(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, 2021 No. of options	March 31, 2020 No. of options
Outstanding at the beginning of the year	142,750	-
Granted during the year	-	149,750
Additional options on adjustment of stock split on September 30, 2020 *	540,000	-
Forfeited during the year	41,500	7,000
Exercised during the year	-	-
Outstanding at the end of the year	641,250	142,750
Weighted average exercise price for all the above options	255.50	255.50

* The equity shares of the Company of ₹ 10/ has been sub-divided into 5 equity shares of ₹ 2/- each w.e.f. September 30, 2020, accordingly stock options have been adjusted.

For options exercised during the year, the weighted average share price at the exercise date under ESOP 2011 scheme, was ₹ 525.86 per share (March 31, 2020: ₹ 347.95 per share,) and under ESOP 2016 scheme, was ₹ 131.82 per share (March 31, 2020: ₹ 347.95 per share).

The weighted average remaining contractual life for the stock options outstanding under ESOP 2011 scheme as at March 31, 2021 is Nil years (March 31, 2020 : 0.47 years), under ESOP 2016 as at March 31, 2021 is 1.67 years (March 31, 2020: 3.38 years) and under ESOP 2018 as at March 31, 2021 is 2.67 years (March 31, 2020: 4.68). The range of exercise prices for options outstanding under ESOP 2011 scheme as at March 31, 2021 was ₹ 10.00 (March 31, 2020: ₹ 10.00), under ESOP 2016 as at March 31, 2021 was ₹ 550.00 (March 31, 2020: ₹ 550.00) and under ESOP 2018 as at March 31, 2021 was ₹ 255.50 (March 31, 2020: ₹ 255.50).

The weighted average fair value of stock options granted during the year under ESOP 2016 scheme was ₹ Nil (March 31, 2020: ₹ Nil) and under ESOP 2018 scheme was ₹ Nil (March 31, 2020: ₹ 150.88). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2021							
	ESOP 2011 scheme					ESOP 2016 scheme		ESOP 2018 scheme
	Grant V	Grant IV	Grant III	Grant II	Grant I	Grant II	Grant I	Grant I
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.39%	0.39%	0.43%
Expected volatility	0.00%	0.00%	0.00%	0.00%	0.00%	26.90%	0.00%	0.00%
Risk-free interest rate	7.71%	8.56%	8.47%	8.01%	8.34%	7.19%	7.03%	5.81%
Weighted average share price of Rs.	533.00	269.97	183.10	171.22	113.15	384.00	514.79	350.25
Exercise price of Rs.	10.00	10.00	10.00	10.00	10.00	292.00	550.00	255.50
Expected life of options granted in years	3.51	3.50	3.50	3.50	3.51	2.50	2.50	3.50

	March 31, 2021							
	ESOP 2011 scheme					ESOP 2016 scheme		ESOP 2018 scheme
	Grant V	Grant IV	Grant III	Grant II	Grant I	Grant II	Grant I	Grant I
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.39%	0.39%	0.43%
Expected volatility	0.00%	0.00%	0.00%	0.00%	0.00%	26.90%	0.00%	0.00%
Risk-free interest rate	7.71%	8.56%	8.47%	8.01%	8.34%	7.19%	7.03%	5.81%
Weighted average share price of Rs.	533.00	269.97	183.10	171.22	113.15	384.00	514.79	350.25
Exercise price of Rs.	10.00	10.00	10.00	10.00	10.00	292.00	550.00	255.50
Expected life of options granted in years	3.51	3.50	3.50	3.50	3.51	2.50	2.50	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, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

30. Trade Payables (Details of dues to Micro, Small and Medium Enterprises as per MSMED Act,2006):

Particulars	March 31, 2021	March 31, 2020
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	32.41	9.35
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.	-	-
Total	**32.41**	**9.35**

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, 2021	For the year ended March 31, 2020
Cost of materials consumed		
Raw materials consumed	32.92	25.31
Employee benefits expenses		
Salaries, allowances and wages	62.14	53.55
Staff welfare expenses	5.02	3.47
Recruitment and training	0.05	0.10
Other expenses		
Consumption of stores and spares	0.84	1.33
Factory maintenance	3.80	3.99
Repairs and maintenance		
Plant and machinery	3.26	2.19
Effluent treatment expenses	1.11	0.35
Power and fuel	5.80	4.40
Product development	23.26	20.51
Testing and analysis charges	0.63	0.64
Rates and taxes	17.95	16.03
Insurance	1.67	1.48
Membership and subscription	2.09	1.89
Consultancy and other professional charges	17.63	15.63
Travelling and conveyance	0.15	0.96
Printing and stationery	0.21	0.23
Communication expenses	0.25	0.34
Business promotion and advertisement	0.02	3.70
Miscellaneous expenses	-	0.03
Total	**178.80**	**156.13**

Notes to Financial Statements for the year ended March 31, 2021

(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
Gross carrying value					
As at March 31, 2019	**9.64**	**67.52**	**12.67**	**0.87**	**90.70**
Additions	0.09	2.94	0.58	0.42	4.03
As at March 31, 2020	**9.73**	**70.46**	**13.25**	**1.29**	**94.73**
Additions	-	3.78	0.60	1.00	5.38
As at March 31, 2021	**9.73**	**74.24**	**13.85**	**2.29**	**100.11**
Depreciation					
As at March 31, 2019	**1.10**	**20.13**	**3.46**	**0.06**	**24.75**
Charge for the year	1.55	10.03	1.38	0.67	13.63
As at March 31, 2020	**2.65**	**30.16**	**4.84**	**0.73**	**38.38**
Charge for the year	1.55	10.17	1.45	0.71	13.88
As at March 31, 2021	**4.20**	**40.33**	**6.29**	**1.44**	**52.26**
Net carrying value					
As at March 31, 2019	**8.54**	**47.39**	**9.21**	**0.81**	**65.95**
As at March 31, 2020	**7.08**	**40.30**	**8.41**	**0.56**	**56.35**
As at March 31, 2021	**5.53**	**33.91**	**7.56**	**0.85**	**47.85**

* 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
Subsidiary Companies	
i) Laurus Synthesis Inc. (w.e.f. September 30,2020 merged with Laurus Generics Inc)	
ii) Sriam Labs 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 79.21 %) (Formerly known as Richcore Lifesciences Private Limited)	
viii) Laurus Ingredients Private Limited (Wholly owned subsidiary of Laurus Synthesis Private Limited) ^	
Enterprise over which Key Management Personnel exercise significant influence	
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	
Key Management Personnel	
i) Dr. Satyanarayana Chava	Whole time director & Chief executive officer
ii) Mr. V. V. Ravi Kumar	Executive Director & Chief financial officer
iii) Dr. Lakshmana Rao C V	Executive Director
iv) Mr. C. Chandrakanth *	Non-Executive Director
v) Mr. Ramesh Subrahmanian **	Independent Director
vi) Mrs. Aruna Bhinge	Independent Director
vii) Mr. Rajesh Chandy	Independent Director
viii) Dr. M. Venu Gopala Rao	Independent Director
ix) Dr. Ravindranath Kancherla	Independent Director
x) Mr. G. Venkateswar Reddy	Company Secretary
Relatives of Key Management Personnel	
i) Mr. C. Narasimha Rao	Brother of Dr. Satyanarayana Chava
ii) Mr. C. Chandrakanth	Son-in-Law of Dr. Satyanarayana Chava
iii) Mr. C. Krishna Chaitanya	Son of Dr. Satyanarayana Chava
iv) Mrs. C. Soumya	Daughter of Dr. Satyanarayana Chava

* Non-Executive Director effective from April 01, 2020

** Resigned with effective from February 27, 2020

^ The Company has not commenced its operations and no share capital has been infused as at March 31, 2021.

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Transactions during the year :

	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Subsidiary Companies		
i) Laurus Synthesis Inc.		
Product development expenses	13.48	6.34
Business promotion	4.64	4.72
Sale of goods	-	0.35
Purchase of fixed assets	4.76	-
ii) Sriam Labs Private Limited		
Conversion charges	9.48	4.89
Purchase of goods	42.39	21.91
Sale of goods	6.22	1.76
Sale of assets	-	0.11
iii) Laurus Holdings Limited		
Advances given	1.95	-
Business promotion	4.39	3.29
iv) Laurus Synthesis Private Limited		
Investments made	0.10	-
Loan given *	82.22	-
Loan recovered	48.00	-
Interest income	3.97	-
Conversion charges	10.20	-
Purchase of goods	3.96	-
Sale of goods	3.56	-
Sale of assets	0.60	-
Purchase of fixed assets	0.04	-
vi) Laurus Generics SA (Pty) Limited		
Investments made	0.03	-
Consultancy and other professional charges	0.05	-
vii) Laurus Bio Private Limited		
Investments made	260.44	-
Loan given **	10.00	-
Interest income	0.07	
b) Step-down subsidiary companies		
i) Laurus Generics Inc		
Sale of goods (net)	10.89	12.42
Business promotion	7.34	-
ii) Laurus Generics GmbH		
Product filing fee	5.17	3.56
Sale of goods	3.52	-
c) Enterprise over which Key Management Personnel exercise significant influence		
i) Laurus Infosystems (India) Private Limited		
Software maintenance	1.17	1.25
ii) HRV Global Life Sciences Private Limited		
Sale of goods	6.47	0.04
Purchase of goods	2.93	-
iii) Laurus Charitable Trust		
Donations	0.48	1.13
iv) Kapston Facilities Management limited		
Factory maintenance	1.20	0.82
v) Sterotherapeutics, LLC		
Sale of goods	3.09	-
d) Key Management Personnel		
i) Dr. Satyanarayana Chava		
Remuneration	25.74	15.98
ii) Mr. V. V. Ravi Kumar		
Remuneration	5.81	3.38

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent	0.10	0.09
iii) Dr. Lakshmana Rao C V		
Remuneration	3.87	1.49
iv) Mr. C. Chandrakanth		
Remuneration	-	1.79
Independent directors fee	0.40	-
Sitting fee	0.08	-
v) Mr. Ramesh Subrahmanian		
Independent directors fee	-	0.28
Sitting fee	-	0.03
vi) Mrs. Aruna Bhinge		
Independent directors fee	0.20	0.20
Sitting fee	0.07	0.05
vii) Mr. Rajesh Chandy		
Independent directors fee	0.30	0.28
Sitting fee	0.08	0.05
viii) Dr. M. Venu Gopala Rao		
Independent directors fee	0.20	0.20
Sitting fee	0.07	0.04
ix) Dr. Ravindranath Kancherla		
Independent directors fee	0.20	0.20
Sitting fee	0.06	0.02
x) Mr. G. Venkateswar Reddy		
Remuneration	0.61	0.51
e) Relatives of Key Management Personnel		
i) Mr. C. Narasimha Rao		
Remuneration	1.00	0.75
ii) Mr. C. Krishna Chaitanya		
Remuneration	1.18	0.87
iii) Mrs. C. Soumya		
Rent	0.20	0.18

Closing balances (Unsecured)

	March 31, 2021	March 31, 2020
a) Subsidiary Companies		
i) Laurus Synthesis Inc.		
Trade payable	-	0.40
ii) Sriam Labs Private Limited		
Trade receivable	1.54	-
Trade payable	6.63	4.54
iii) Laurus Holdings Limited		
Trade payables	0.33	0.24
Loans and advances to related parties	1.95	-
iii) Laurus Synthesis Private Limited		
Interest receivable	3.68	-
Trade payable	3.63	-
Trade receivable	5.67	-
Inter corporate loan	34.22	-
iv) Laurus Bio Private Limited		
Interest receivable	0.07	-
Inter corporate loan	10.00	-
b) Step-down subsidiary Companies		
i) Laurus Generics Inc.		
Trade receivable	11.28	9.30
Trade payables	1.37	-
ii) Laurus Generics GmbH		
Trade receivable	1.40	-

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

	March 31, 2021	March 31, 2020
Trade payables	0.77	0.01
c) Enterprise over which Key Management Personnel exercise significant influence		
i) HRV Global Life Sciences Private Limited		
Trade receivable	0.22	0.22
ii) Kapston Facilities Management limited		
Trade payable	0.10	-
iii) Sterotherapeutics, LLC		
Trade receivable	2.66	-
d) Key Management Personnel		
i) Dr. Satyanarayana Chava		
Remuneration payable	16.65	7.99
ii) Mr. V. V. Ravi Kumar		
Remuneration payable	2.78	1.13
Rent payable	0.01	0.01
iii) Dr. Lakshmana Rao C V		
Remuneration payable	1.85	0.49
iv) Mr. C. Chandrakanth		
Remuneration payable	-	0.89
v) Mr. G. Venkateswar Reddy		
Remuneration payable	0.16	0.09
e) Relatives of Key Management Personnel		
i) Mr. C. Narasimha Rao		
Remuneration payable	0.32	0.16
ii) Mr. C. Krishna Chaitanya		
Remuneration	0.35	0.16
iii) Mrs. C. Soumya		
Rent Payable	0.02	0.01

* Maximum balance outstanding during the year ₹ 82.22 ; loan given for business purposes.

**Maximum balance outstanding during the year ₹ 10.00 ; loan given for business purposes.

The Company has provided guarantees for ₹ 83.00 in the form of Corporate guarantee to BBK, Axis Bank and DBS Bank for the loans obtained by Sriam Labs Private Limited and Laurus Synthesis Private Limited respectively. (March 31, 2020: ₹ 35.08 in the form of Standby Letter of Credit (SBLC) to Citi Bank NA and Corporate guarantee to Andhra Bank for the loans obtained by Laurus Synthesis Inc. and Sriam Labs Private Limited respectively, which were be utilised for business purposes).

^ 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) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

(i) Lease commitments - the Company as lessor

The Company has entered into agreements to manufacture and supply API and intermediates produced at a dedicated blocks located at Unit-1 and Unit-5 constructed exclusively for the lessee. The Company has identified assets under operating and finance lease based on the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term. The Company applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

(ii) Lease commitments - the Company as lessee

The Company has entered into leases for land and office premises. The Company has determined, based on an evaluation of the terms and conditions of the

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

arrangements, such as the lease term not constituting a major part of the economic life of the land and office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the land and the office premises and accounts for the contracts as operating leases. Further, refer note no. 40 A, for effect of transition to Ind AS 116, classification of leases and other disclosures relating to leases.

(iii) Taxes

The Company has a Minimum Alternate Tax (MAT) credit of ₹ 82.55 as on March 31, 2021 (March 31, 2020: ₹ 192.59). 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 based on its future projections of profit believes that the MAT credit would be utilised in comming two years.

(B) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) 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.

(ii) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(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. The recoverable amounts have been determined based on value in use calculations which uses cash flow projections covering generally a period of five years (which are based on key assumptions such as margins, expected growth rates based on past experience and Management's expectations/ extrapolation of normal increase/ steady

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

terminal growth rate) and appropriate discount rates that reflects current market assessments of time value of money and risks specific to these investments. The cash flow projections included estimates for five years developed using internal forecasts and terminal growth rate thereafter. The management believes that any reasonable possible change in key assumptions on which recoverable amount is based is not expected to cause the aggregate carrying amount to exceed the aggregate recoverable amount of the investments.

(C) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

COVID-19 is the infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of our employees and ensure business continuity with minimal disruption. The Company immediately took steps to mitigate sanitary and health risks and the Company promptly set up a team of experts to assist the Health and Safety at Work places. In assessing the recoverability of receivables and other financial assets, the Company has considered internal and external information upto the date of approval of these Standalone financial statements. The impact of the global health pandemic may be different from that of estimated as at the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

35. Hedging activities and derivatives

Derivatives designated as hedging instruments

The Company uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The Company classifies its derivative financial instruments that hedge foreign currency risk associated with highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded in the Company's hedging reserve as a component of equity and re-classified to the Statement of Profit and Loss as revenue in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such cash flow hedges is recorded in the Statement of Profit and Loss immediately. All outstanding forward contracts have maturity period of less than twelve months. Refer note no. 38(d) for disclosure on hedges of highly probable forecasted transactions.

36. 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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Financial assets at fair value through profit & loss:				
Investments	3.41	3.41	3.41	3.41
Financial assets at amortised cost:				
Loans	44.85	0.49	44.85	0.49
Deposits and others	78.36	71.34	78.36	71.34
Trade receivables	1,279.82	778.04	1,279.82	778.04
Cash and cash equivalents	38.78	0.88	38.78	0.88
Other balances with banks	-	0.05	-	0.05
Financial liabilities at amortised cost:				
Borrowings (Non-current and current)	1,389.52	1,028.75	1,389.52	1,028.75
Interest accrued	2.59	2.48	2.59	2.48
Trade payables	1,158.54	603.56	1,158.54	603.56
Capital creditors and others	84.76	52.23	84.76	52.23
Financial liabilities at fair value through profit and loss:				
Derivative contracts	14.44	(2.37)	14.44	(2.37)
Financial liabilities at fair value through OCI				
Hedges of highly probable forecasted transactions	(14.44)	13.37	(14.44)	13.37

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.

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

37. 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, 2021:

Particulars	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at fair value through profit and loss:					
Investments	March 31, 2021	3.41	-	3.41	-
Financial liabilities at fair value through profit and loss:					
Derivative financial instruments	March 31, 2021	14.44	-	14.44	-
Financial liabilities at fair value through OCI:					
Hedges of highly probable forecasted transactions	March 31, 2021	(14.44)	-	(14.44)	-

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2020:

Particulars	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at fair value through profit and loss:					
Investments	March 31, 2020	3.41	-	3.41	-
Financial liabilities at fair value through profit and loss:					
Derivative financial instruments	March 31, 2020	(2.37)	-	(2.37)	-
Financial liabilities at fair value through OCI:					
Hedges of highly probable forecasted transactions	March 31, 2020	13.37	-	13.37	-

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
Assets measured at fair value:	
Investments	The fair value is determined based on value per share derived from net worth of the Company as at the reporting date.
Liabilities measured at fair value:	
Derivative financial instruments	The fair value is determined using quoted forward exchange rates at the reporting date.

38. 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

Notes to Financial Statements for the year ended March 31, 2021

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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, ₹ 698.65 in aggregate (as at March 31, 2020 ₹ 444.39) is due from the Company's customers individually representing more than 5 % of the total trade receivables balance and accounted for approximately 55% (March 31, 2020: 57%) of all the receivables outstanding. The Company' 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 ₹ 1,279.82, (March 2020: ₹ 778.04), 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
March 31, 2021:					
Non-current borrowings (including current maturities)	129.98	317.14	65.50	-	512.62
Current borrowings	876.90	-	-	-	876.90
Interest payable	2.59	-	-	-	2.59
Trade payables	1,158.54	-	-	-	1,158.54
Other payables	84.76	-	-	-	84.76
	2,252.77	**317.14**	**65.50**	**-**	**2,635.41**

Particulars	Up to 1 Year	1 to 3 years	3 to 5 years	> 5 years	Total
March 31, 2020:					
Non-current borrowings (including current maturities)	101.31	160.00	5.00	-	266.31
Current borrowings	762.44	-	-	-	762.44
Interest payable	2.48	-	-	-	2.48
Trade payables	603.56	-	-	-	603.56
Other payables	52.23	-	-	-	52.23
	1,522.02	**160.00**	**5.00**	**-**	**1,687.02**

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 optimise 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:

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Particulars	Change in basis points		Effect on profit before tax	
	Increase	Decrease	Decrease	Increase
March 31, 2021				
Indian Rupees	0.50%	0.50%	(4.25)	4.25
US Dollars	0.50%	0.50%	(1.82)	1.82
March 31, 2020				
Indian Rupees	0.50%	0.50%	(3.96)	3.96
US Dollars	0.50%	0.50%	(1.86)	1.86

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, 2021 Sell US $ 3,83,30,386	Designated as fair value hedge - receivables
March 31, 2020 Buy US $ 26,09,282	Designated as fair value hedge - borrowings
March 31, 2020 Buy US $ 77,812	Designated as fair value hedge - payables
March 31, 2020 Sell US $ 12,29,074	Designated as fair value hedge - receivables
March 31, 2020 Sell US $ 4,10,00,000	Designated as cash flow hedge - highly probable forecasted transactions (Sales)

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, 2021			March 31, 2020		
		Amount in foreign currency	Amount in ₹	Conversion rate	Amount in foreign currency	Amount in ₹	Conversion rate
Secured loans	USD	48,904,554	359.47	73.50	43,567,684	328.44	75.39
	EURO	-	-	86.10	3,146,178	26.13	83.05
Unsecured loans	USD	5,962,245	43.83	73.50	-	-	-
Interest accrued but not due on borrowings	USD	35,135	0.26	73.50	121,600	0.92	75.39
Trade payables	USD	60,344,270	443.56	73.50	25,723,243	193.92	75.39
	EURO	1,451,011	12.49	86.10	654,008	5.43	83.05
	GBP	157,822	1.59	100.95	-	-	93.08
	CAD	2,495	0.01	58.06	3,905	0.02	53.20
	ZAR	-	-	4.95	126,144	0.05	4.19
Capital creditors	USD	1,237,099	9.09	73.50	22,386	0.17	75.39
	GBP	15,892	0.16	100.95	-	-	0.00
	EURO	127,057	1.09	86.10	1,700	0.01	83.05
Trade receivables	USD	63,560,138	467.20	73.50	59,056,043	445.20	75.39
	EURO	3,620,428	31.34	86.10	4,349,657	36.12	83.05
	GBP	-	-	100.95	-	-	93.08
	CAD	915,418	5.32	58.06	1,715,472	9.13	53.20
Cash and cash equivalents*	USD	5,014,268	36.86	73.50	1,828	0.01	75.39
	EURO	10,170	0.09	86.10	8,764	0.07	83.05

* Excluding amounts less than Indian Rupees 1,00,000.

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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 USD rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2021				
USD	1.00%	1.00%	(3.52)	3.52
EURO	1.00%	1.00%	0.18	(0.18)
March 31, 2020				
USD	1.00%	1.00%	(0.78)	0.78
EURO	1.00%	1.00%	0.05	(0.05)

d) Hedges of highly probable forecasted transactions:

In respect of hedges of highly probable forecasted transactions, the Company recorded, as a component of equity, a net loss of ₹ Nil for the year ended March 31, 2021 (for the year ended March 31, 2020: ₹ 13.37).

The net carrying amount of the Company's "hedging reserve" as a component of equity before adjusting for tax impact is ₹ Nil as at March 31, 2021 (as at March 31, 2020: ₹ 13.37).

The below table summarises the periods when the cash flows associated with highly probable forecasted transactions that are classified as cash flow hedges are expected to occur.

USD Million

Particulars	March 31, 2021	March 31, 2020
Not later than one month	-	-
Later than one month and not later than three months	-	0.20
Morethan three months and not later than twelve months	-	3.90
Total	**-**	**4.10**

e) Impact of COVID-19 (Global pandemic)

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

39. 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 0.5 to 1.5. The Company includes within net debt, borrowings including interest accrued on borrowings less cash and short-term deposits.

Particulars	March 31, 2021	March 31, 2020
Borrowings including interest accrued on borrowings (Note 13)	1,392.11	1,031.23
Less: Cash and cash equivalents; other balances with banks (Note 10A & 10B)	(38.78)	(0.93)
Net debt	**1,353.33**	**1,030.30**
Equity	107.32	106.91
Other equity	2,604.92	1,708.89
Total equity	**2,712.24**	**1,815.80**
Gearing ratio (Net debt/ Total equity)	0.50	0.57

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.

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021.

40. Modification of terms of bonus to Executive Directors

The Company in its Board Meeting held on April 29, 2021 recommended modification to the terms of bonus for three Executive Directors with effect from April 01, 2020, subject to the shareholders' approval. Accordingly, an additional provision of an amount of ₹ 7.48 crores has been recorded under Note 21 'Employee benefits expense' for the year ended March 31, 2021 (March 31, 2020 - ₹ nil).

41. 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 recognised as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 44.86 crores and a lease liability of ₹ 23.25 crores. The cumulative effect of applying this standard resulted in ₹ 0.22 crores being debited to retained earnings (net of taxes).

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021 and March 31, 2020

Particulars	March 31, 2021	March 31, 2020
Opening Balance	42.89	-
Reclassification on adoption of Ind AS 116	-	44.86
Depreciation	(1.95)	(1.97)
Closing Balance	**40.94**	**42.89**

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the statement of profit and loss

The following is the movement in lease liabilities during the year ended March 31, 2021 and March 31,2020

Particulars	March 31, 2021	March 31, 2020
Recognition on adoption of Ind AS 116 /Opening Balance	22.55	23.25
Finance cost accrued during the year	1.80	1.86
Payment of lease liabilities	(2.61)	(2.56)
Closing Balance	**21.74**	**22.55**

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

The following is the break-up of current and non-current lease liabilities as at March 31, 2021 and March 31, 2020

Particulars	March 31, 2021	March 31, 2020
Non-current lease liabilities	19.87	20.56
Current lease liabilities	1.87	1.99
Total	**21.74**	**22.55**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31,2020 on discounted basis

Particulars	March 31, 2021	March 31, 2020
Within one year	1.87	1.99
After one year but not more than five years	5.01	5.24
More than five years	14.86	15.31

Operating and finance lease commitments - Company as lessor

The Company has entered into agreement to manufacture and supply intermediates produced at a dedicated block constructed exclusively for the lessee. The Company has identified assets under operating and finance lease based on the factors indicated as per Ind AS 116 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term. This lease term of assets under operating lease is upto 10 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

Particulars	March 31, 2021	March 31, 2020
Within one year	3.89	3.89
After one year but not more than five years	15.57	15.57
More than five years	56.10	59.99
	75.56	**79.45**

Future minimum rentals receivable under non-cancellable finance leases are as follows:

Particulars	March 31, 2021	March 31, 2020
Within one year	14.03	16.32
After one year but not more than five years	21.10	48.70
More than five years	-	0.41

B. Commitments

Particulars	March 31, 2021	March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for	424.71	149.85

C. Contingent liabilities

Particulars	March 31, 2021	March 31, 2020
(i) Outstanding bank guarantees (excluding performance obligations)	51.98	44.50
(ii) Claims arising from disputes not acknowledged as debts - direct taxes	11.19	4.20
(iii) Claims arising from disputes not acknowledged as debts - indirect taxes	50.90	47.49
(iv) On account of provident fund liability	7.57	7.57
(v) Corporate guarantees	83.00	35.08

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

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

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

Place: Hyderabad
Date: April 29, 2021

Mr. 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 comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement 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 / financial information of the subsidiaries, 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, 2021, 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 specified under section 143 (10) of the Act (SAs). 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, 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.

Key Audit Matter	Auditor's Response
Revenue recognition - Refer note 17 of the consolidated financial statements	**Principal audit procedures:**
The Parent recognises revenue from sale of products based on the terms and conditions of transactions which varies with different customers. 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. 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.	We obtained an understanding of the revenue recognition process and tested the Parent's controls around the timely and accurate recording of sales transactions. We have obtained an understanding of a sample of customer contracts. We tested the access and change management controls of the relevant information technology system in which shipments are recorded. 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.

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 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, 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, 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.

Independent Auditor's Report Contd.

Management's Responsibility 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 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 are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group 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 are also responsible for overseeing the financial reporting process of the Group.

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 system 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 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 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 subsidiaries within the Group to express an opinion on the consolidated financial statements. For the other subsidiaries 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

We did not audit the financial statements of seven subsidiaries, whose financial statements / financial information reflect total assets of ₹ 210.83 crores as at March 31, 2021, total revenues of ₹ 161.31 crores and net cash inflows amounting to ₹ 8.07 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information 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 subsection (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.

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 / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

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/ financial information of the subsidiaries, 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, 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2021 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 over financial reporting 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, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) In our opinion and according to the information and explanations given to us, as mentioned in note 41 of the consolidated financial statements, the Parent Company, subject to shareholders' approval made provision for payment of managerial remuneration to three executive directors in excess of the approvals obtained earlier under section 197 read with Schedule V to the Companies Act, 2013 aggregating INR 7.48 crores for the year ended March 31, 2021. The amount remains unpaid as at March 31, 2021 and subsequently thereof upto the date of our report of even date.

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.

    ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

    iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan
Partner
(Membership No. 201193)
(UDIN: 21201193AAAADA6013)

Place: Hyderabad
Date: April 29, 2021

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 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, 2021, we have audited the internal financial controls over financial reporting of Laurus Labs Limited (hereinafter referred to as "Parent") and its subsidiary companies, which includes internal financial controls over financial reporting of the Company's subsidiaries which are companies 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, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls 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 over financial reporting of the Parent, its subsidiary companies, 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. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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, 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 system over financial reporting of the Parent, its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, the Parent, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting 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.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

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)
(UDIN: 21201193AAAADA6013)

Place: Hyderabad
Date: April 29, 2021

Consolidated Balance Sheet as at March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	Notes	March 31, 2021	March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,859.84	1,663.96
Right-of-use assets	42A	55.16	42.89
Capital work-in-progress	3	362.17	67.18
Goodwill	4	246.30	9.74
Other intangible assets	4	9.32	9.75
Financial assets			
Investments	5A	3.41	3.41
Other financial assets	5C	42.33	33.75
Deferred tax assets (net)	6	-	73.93
Income tax assets (net)	16A	1.41	0.95
Other non-current assets	7A	95.89	32.70
Total non-current assets		**2,675.83**	**1,938.26**
Current assets			
Inventories	8	1,575.45	905.22
Financial assets			
Trade receivables	9	1,306.06	791.42
Cash and cash equivalents	10A	48.46	1.69
Other balances with banks	10B	-	0.05
Loans	5B	0.68	0.49
Other financial assets	5C	39.07	39.26
Other current assets	7B	105.14	73.93
Total current assets		**3,074.86**	**1,812.06**
Total assets		**5,750.69**	**3,750.32**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	107.32	106.91
Other equity		2,490.23	1,662.86
Total equity attributable to equity holders of parent		**2,597.55**	**1,769.77**
Non-controlling interests		3.15	-
Total equity		**2,600.70**	**1,769.77**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	13A	429.16	165.02
Lease liabilities	42A	26.27	20.56
Other financial liabilities	13E	83.20	-
Provisions	15A	63.19	45.85
Deferred tax liability (net)	6	19.18	-
Other non-current liabilities	14A	71.84	56.74
Total non-current liabilities		**692.84**	**288.17**
Current liabilities			
Financial liabilities			
Borrowings	13B	886.12	790.51
Trade payables			
-total outstanding dues of micro enterprises and small enterprises	13C	34.12	10.00
-total outstanding dues of creditors other than micro enterprises and small enterprises	13C	1,144.57	605.63
Lease liabilities	42A	2.22	1.99
Current maturities and other financial liabilities	13D	236.13	167.53
Other current liabilities	14B	128.90	91.95
Provisions	15B	12.46	10.94
Income tax liabilities (net)	16B	12.63	13.83
Total current liabilities		**2,457.15**	**1,692.38**
Total - equity and liabilities		**5,750.69**	**3,750.32**
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 29, 2021

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

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

Place: Hyderabad
Date: April 29, 2021

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

Mr. G. Venkateswar Reddy
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
I. INCOME			
Revenue from operations	17	4,813.51	2,831.72
Other income	18	22.35	4.95
Total income (I)		**4,835.86**	**2,836.67**
II. EXPENSES			
Cost of materials consumed	19	2,358.97	1,613.68
Purchase of traded goods		96.23	15.87
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(297.01)	(216.15)
Employee benefits expense	21	434.09	344.87
Other expenses	22	670.55	508.90
Total expenses (II)		**3,262.83**	**2,267.17**
III. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		**1,573.03**	**569.50**
Depreciation and amortisation	3 & 4 & 42A	205.07	187.27
Finance income	23A	(1.31)	(0.97)
Finance costs	23B	68.16	89.59
IV. Profit before tax		**1,301.11**	**293.61**
V. Tax expense	27		
Current tax		337.60	53.58
Deferred tax		(20.31)	(15.24)
Total tax expense		**317.29**	**38.34**
VI. Profit for the year (IV-V)		**983.82**	**255.27**
Other comprehensive income (OCI)	24		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement gains/(losses) on defined benefit plans		(6.76)	(1.50)
Tax on remeasurement of defined benefit plans		2.38	0.52
		(4.38)	**(0.98)**
Items that will be reclassified subsequently to profit or loss:			
Fair value movements on cash flow hedges		14.44	(13.37)
Tax on fair value movements on cash flow hedges		(5.04)	4.67
Exchange differences on translating the financial statements of foreign operations		(0.01)	(1.69)
		9.39	**(10.39)**
Total other comprehensive income for the year, net of tax		**5.01**	**(11.37)**
Total comprehensive income for the year, net of tax		**988.83**	**243.90**
Profit for the year attributable to:			
Equity holders of the parent		983.58	255.27
Non-controlling interests		0.24	-
Total comprehensive income for the year attributable to:			
Equity holders of the parent		988.59	243.90
Non-controlling interests		0.24	-
Earnings per equity share ₹ 2/- each fully paid (March 31, 2020: ₹ 2/- each fully paid)	25		
Computed on the basis of total profit for the year			
Basic (₹)		18.36	4.79
Diluted (₹)		18.28	4.79
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

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

Ganesh Balakrishnan
Partner
Membership No. 201193

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

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

Place: Hyderabad
Date: April 29, 2021

Place: Hyderabad
Date: April 29, 2021

Mr. G. Venkateswar Reddy
Company Secretary

Consolidated Statement of Changes in Equity for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

a. Equity share capital

Equity shares of ₹ 10 each, fully paid up	No.	₹
As at March 31, 2019	**106,436,749**	**106.44**
Issued during the year - ESOP	477,750	0.48
At March 31, 2020	**106,914,499**	**106.91**
Issued during the year - ESOP	891,890	0.41
Stock split * (₹ 10/- each into ₹ 2/- each)	428,795,996	-
At March 31, 2021	**536,602,385**	**107.32**

* The Board of Directors, at their meeting held on April 30, 2020, recommended for the sub-division of equity shares of the Company from existing face value of ₹ 10/- each to face value of ₹ 2/- each (i.e. split of 1 equity share of ₹ 10/- each into 5 equity shares of ₹ 2/- each), and the same has been approved by the shareholders in the Annual General Meeting of the Company held on July 09, 2020 and the Board of Directors, at their meeting held on July 30, 2020 fixed the "record date" of September 30, 2020. Accordingly, equity shares of the Company of ₹ 10/ has been sub-divided into 5 equity shares of ₹ 2/- each w.e.f. September 30, 2020.

b. Other equity

Particulars	Reserves and surplus					Other comprehensive income			Non-controlling Interests	Total other equity
	Capital reserve	Securities Premium	Employee Stock option	Retained Earnings	Gross obligation liability to acquire noncontrolling interest	Effective portion of cash flow hedge	Re-measurement gains or losses on employee defined benefit plans	Foreign currency translation reserve		
At March 31, 2019	**1.79**	**678.66**	**5.37**	**771.12**	**-**	**(0.70)**	**(4.26)**	**(0.02)**	**-**	**1,451.96**
Impact on account of adoption of Ind AS 116 (refer note no. 40A)	-	-	-	(0.22)	-	-	-	-	-	(0.22)
Profit for the year	-	-	-	255.27	-	-	-	-	-	255.27
Expense arising from equity-settled share-based payment transactions	-	-	3.67	-	-	-	-	-	-	3.67
Transferred from stock options outstanding	-	6.54	(4.41)	-	-	-	-	-	-	2.13
Dividend on equity shares	-	-	-	(32.00)	-	-	-	-	-	(32.00)
Tax on dividend on equity shares		-	-	(6.58)	-	-	-	-	-	(6.58)
Foreign currency translation reserve	-	-	-	-	-	-	-	(1.69)	-	(1.69)
Effective portion of cash flow hedge	-	-	-	-	-	(8.70)	-	-	-	(8.70)
Remeasurement on net defined benefit liability, net of tax	-	-	-	-	-	-	(0.98)	-	-	(0.98)
At March 31, 2020	**1.79**	**685.20**	**4.63**	**987.59**	**-**	**(9.40)**	**(5.24)**	**(1.71)**	**-**	**1,662.86**
Profit for the year	-	-	-	983.58	-	-	-	-	0.24	983.82
Expense arising from equity-settled share-based payment transactions	-	-	2.89	-	-	-	-	-	-	2.89
Transferred from stock options outstanding	-	9.57	(2.60)	-	-	-	-	-	-	6.97
Dividend on equity shares	-	-	-	(75.04)	-	-	-	-	-	(75.04)
Acquisition of control in subsidiary (refer note no. 39)	-	-	-	-	-	-	-	-	3.84	3.84
Acquisition of non-controlling interest (refer note no. 39)	-	-	-	(12.84)	-	-	-	-	(0.93)	(13.77)
Gross obligation liability to acquire Non-controlling interest (refer note no. 13E)	-	-	-	-	(83.20)	-	-	-	-	(83.20)
Foreign currency translation reserve	-	-	-	-	-	-	-	(0.01)	-	(0.01)
Effective portion of cash flow hedge	-	-	-	-	-	9.40	-	-	-	9.40
Remeasurement on net defined benefit liability, net of tax	-	-	-	-	-	-	(4.38)	-	-	(4.38)
At March 31, 2021	**1.79**	**694.77**	**4.92**	**1,883.29**	**(83.20)**	**-**	**(9.62)**	**(1.72)**	**3.15**	**2,493.38**

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
Whole Time Director & Chief Executive Officer
DIN: 00211921

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

Place: Hyderabad
Date: April 29, 2021

Place: Hyderabad
Date: April 29, 2021

Mr. G. Venkateswar Reddy
Company Secretary

Consolidated Statement of Cash Flows for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	1,301.11	293.61
Cash flows from operating activities		
Adjustments for :		
Depreciation and amortisation	205.07	187.27
Loss on sale of fixed assets (net)	0.85	0.83
Interest income	(1.31)	(0.97)
Interest expenses	57.90	84.38
Share based payment expense	2.89	3.67
Net (gain)/loss on foreign exchange fluctuations (unrealised)	(13.16)	14.74
Allowance for bad and doubtful advances and receivables	2.51	3.52
Provisions no longer required written back	(0.30)	(0.23)
Operating profit before working capital changes	**1,555.56**	**586.82**
Movement In working capital:		
Increase in inventories	(660.17)	(223.23)
Increase in trade receivables	(523.74)	(65.34)
Increase in financial and non-financial assets	(15.22)	(48.81)
Increase in trade payables	559.52	112.26
Increase in financial, non-financial liabilities and provisions	45.55	25.36
Cash generated from operations	**961.50**	**387.06**
Income tax paid	(228.50)	(39.64)
Net cash flows from operating activities (A)	**733.00**	**347.42**
Cash flows used in investing activities		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(688.77)	(222.19)
Proceeds from sale of property, plant and equipment	4.89	0.16
Movement in other bank balances	(0.16)	(0.07)
Acquisition of subsidiary (net of cash acquired ₹ 2.16)	(244.51)	-
Acquisition of Non-controlling interest	(13.77)	-
Interest received	1.33	0.97
Net cash flows used in investing activities (B)	**(940.99)**	**(221.13)**
Net cash flows (used in)/ from financing activities		
Proceeds from exercise of employee stock options	7.38	2.61
Repayment of long - term borrowings	(95.73)	(99.05)
Proceeds from long - term borrowings	398.00	-
Proceeds from short - term borrowings (net)	88.80	95.79
Payment of lease liabilities	(10.67)	(2.56)
Dividend paid	(75.04)	(32.00)
Tax on dividend	-	(6.58)
Interest paid	(58.04)	(85.87)
Net cash flows from / (used in) financing activities (C)	**254.70**	**(127.66)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	46.71	(1.37)
Effect of exchange differences on cash and cash equivalents	0.06	0.09
Cash and cash equivalents at the beginning of the year	1.69	2.97
Cash and cash equivalents at the year end	**48.46**	**1.69**
Components of cash and cash equivalents:		
Cash on hand	0.18	0.27
Balances with banks		
On current accounts	48.28	1.42
Total cash and cash equivalents	**48.46**	**1.69**

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 29, 2021

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

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

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

Place: Hyderabad
Date: April 29, 2021

Mr. G. Venkateswar Reddy
Company Secretary

Notes to Financial Statements for the year ended March 31, 2021

(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 (collectively, the 'Group') for the year ended March 31, 2021. 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 Plot no. 21, Jawaharlal Nehru Pharma city, Parawada, Vishakhapatnam, Andhra Pradesh, India - 531201.

The Group is principally engaged in offering a broad and integrated portfolio of Active Pharmaceuticals Ingredients (API) including intermediates, Generic Finished dosage forms (FDF), 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 38. 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 29, 2021.

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.

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, 2021 and March 31, 2020.

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, 2021

(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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Laurus Synthesis Inc. (Refer note 1)	USA	Subsidiary	Subsidiary	-	100 %
Sriam Labs Private Limited	India	Subsidiary	Subsidiary	100 %	100 %
Laurus Synthesis Private Limited (Refer note 2)	India	Subsidiary	-	100 %	-
Laurus Holdings Limited	UK	Subsidiary	Subsidiary	100 %	100 %
Laurus Generics Inc. (Refer note 1)	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 (Refer note 3)	South Africa	Subsidiary	-	100 %	-
Laurus Bio Private Limited (Refer note 4)	India	Subsidiary	-	79.21 %	-

1) During the year ended March 31, 2021, Laurus Synthesis Inc. USA (100 % wholly owned subsidiary of the Company) has been merged with Laurus Generics Inc. USA (Step-down subsidiary of the Company) with effect from September 30, 2020. The Company accounted for the business combination in accordance with the requirement of Appendix C of Ind AS 103 Business Combination which lays down the principles in respect of accounting for business combinations of entities or businesses under common control. As required by the standard, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts. There is no impact of this transaction on the consolidated financial statements.

2) During the year ended March 31, 2021, the Company incorporated wholly owned subsidiary, Laurus Synthesis Private Limited (LSPL) in India.

3) During the year ended March 31, 2021, the Company acquired 100 % shares of Phekolong Pharmaceuticals Pty Ltd, (renamed as Laurus Generics SA (Pty) Ltd) a wholly owned subsidiary of Pharmacare Limited t/a Aspen Pharmacare, South Africa.

4) During the year ended March 31, 2021, the Company acquired 79.21 % stake in Laurus Bio Private Limited "Laurus Bio" (Formerly known as Richcore Lifesciences Private Limited). Laurus Bio became the subsidiary w.e.f. January 20,2021.

(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.

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

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

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 purchase (acquisition) method as per the provisions of Ind AS 103, Business Combinations. 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.

Common Control business combinations:

The Company accounts for business combinations involving entities or businesses under common control using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts. The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor shall be transferred to capital reserve and should be presented separately as Common Control Transactions Capital reserve.

Non-controlling interest & Gross obligations to acquire non-controlling interest:

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

The payments related to options issued by the Group over the non-controlling interests in its subsidiaries are accounted as financial liabilities and initially recognised at the estimated present value of gross obligations. Such options are subsequently measured at fair value in order to reflect the amount payable under the option at the date at which it becomes exercisable. In the event that the option expires unexercised, the liability is derecognised.

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

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

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 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.

(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.

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.

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

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

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 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. Revenue is measured at the fair value of the 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 Pharma Ingredients (API) including intermediates, Generic Finished dosage forms (FDF) and Contract Research services (together called as "Pharmaceuticals") and sale of Animal Origin Free recombinant proteins and enzymes.

The following is summary of significant accounting policies relating to revenue recognition. Further, refer note no. 17 for disaggregate revenues from contracts with customers for the year ended March 31, 2021.

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, but generally occurs on delivery to the customer. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Sale of services

Revenue from contract research operations is recognised based on services performed till date as a percentage

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of total services. The agreed milestones are specified in the contracts with customers which determine the total services to be performed.

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.

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 utilised, 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.

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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.

Dividend Distribution Tax

Final Dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The entity recognised the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). The Company is now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

(g) Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment and capital wok 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.

Capital work-in-progress, 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.

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.

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

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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.

Effective April 1, 2019, the Group adopted Ind AS 116 “Leases”, applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application.

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 recognises 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 recognises 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 recognised 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 amortised 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. Further, refer note no. 42 A, for effect of transition to Ind AS 116, classification of leases and other disclosures relating to leases.

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

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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.

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 recognises contribution payable to the provident

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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 recognised 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 recognised 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. 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 (SBP) 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. 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.

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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 purposes of subsequent measurement, Any debt instrument, which does not meet the criteria for categorisation as at amortised 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 amortised 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 recognised 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 recognised 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. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised 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

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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:

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 recognised 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

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(All amounts in Crore Rupees except for share data or as otherwise stated)

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.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

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.

(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.

The purchase contracts that meet the definition of a derivative under Ind-AS 109 are recognised in the Statement of Profit and Loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Hedges of highly probable forecasted transactions

The Group classifies foreign currency forward contracts as derivative instruments in a cash flow hedging relationship to hedge foreign currency risk associated with highly probable forecasted transactions.

The use of foreign currency forward contracts is governed by the Company's policies, which provide written principles on the use of such derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes. Foreign currency forward contract derivative instruments are remeasured at fair value at each reporting date.

Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in cash flow hedge account in reserves and surplus as a component of equity and reclassified to the Statement of Profit and Loss as revenue in the period corresponding to the occurrence of the forecasted transactions. Ineffective portion of such derivatives is recognised immediately in Statement of Profit and Loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income /(loss), remains in other comprehensive income until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income/(loss) is recognised immediately in the Statement of Profit and loss.

Hedges of recognised assets and liabilities:

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 recognised 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 recognised in the Statement of Profit and Loss.

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(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 amortisation 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. There is no such notification which would have been applicable from April 1, 2021.

3. Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total Property, plant and equipment
Gross carrying value							
As at March 31, 2019	**92.23**	**632.39**	**1,274.18**	**41.02**	**15.53**	**16.37**	**2,071.72**
Additions	-	58.05	173.15	2.45	2.50	2.76	238.91
Disposals	-	-	(0.29)	-	-	(3.27)	(3.56)
Adjustment							
- Exchange difference	-	-	0.55	0.05	0.05	-	0.65
As at March 31, 2020	**92.23**	**690.44**	**1,447.59**	**43.52**	**18.08**	**15.86**	**2,307.72**
Additions	35.65	65.27	270.10	3.14	3.28	6.70	384.14
Additions - business combinations (refer note no. 39)	4.22	4.45	7.28	0.61		0.20	16.76
Disposals	-	-	(8.13)	(0.52)	-	(4.36)	(13.01)
Adjustment							
- Exchange difference	-	-	-	-	-	-	-
At March 31, 2021	**132.10**	**760.16**	**1,716.84**	**46.75**	**21.36**	**18.40**	**2,695.61**
Depreciation							
As at March 31, 2019	**-**	**72.96**	**363.63**	**13.76**	**8.49**	**5.68**	**464.52**
Charge for the year	-	29.00	141.90	4.26	2.77	3.61	181.54
Disposals	-	-	(0.29)	-	-	(2.28)	(2.57)
Adjustment							
- Exchange difference	-	-	0.21	0.02	0.04	-	0.27
As at March 31, 2020	**-**	**101.96**	**505.45**	**18.04**	**11.30**	**7.01**	**643.76**
Charge for the year	-	30.99	157.12	4.02	3.12	3.88	199.13
Disposals	-	-	(3.56)	(0.27)	-	(3.29)	(7.12)
Adjustment							
- Exchange difference	-	-	-	-	-	-	-
At March 31, 2021	**-**	**132.95**	**659.01**	**21.79**	**14.42**	**7.60**	**835.77**
Net carrying value							
As at March 31, 2019	**92.23**	**559.43**	**910.55**	**27.26**	**7.04**	**10.69**	**1,607.20**
As at March 31, 2020	**92.23**	**588.48**	**942.14**	**25.48**	**6.78**	**8.85**	**1,663.96**
At March 31, 2021	**132.10**	**627.21**	**1,057.83**	**24.96**	**6.94**	**10.80**	**1,859.84**

Capital work-in-progress : ₹ 362.17 (March 31, 2020: ₹ 67.18).

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Pledge on Property, plant and equipment - Laurus Labs Limited:

Property, plant and equipment (other than vehicles) with a carrying amount of ₹ 1,849.05 (March 31, 2020: ₹ 1,655.11) 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.

Vehicles with a carrying amount of ₹ 10.80 (March 31, 2020: ₹ 8.85) are hypothecated to respective banks against vehicle loans.

4. Other intangible assets

Particulars	Goodwill on consolidation	Computer software purchased	Total
Gross carrying value			
As at March 31, 2019	**9.74**	**23.96**	**33.70**
Additions	-	1.43	1.43
As at March 31, 2020	**9.74**	**25.39**	**35.13**
Additions	-	3.11	3.11
Additions - business combinations (refer note no. 39)	236.56	0.15	236.71
At March 31, 2021	**246.30**	**28.65**	**274.95**
Amortisation			
As at March 31, 2019	**-**	**11.83**	**11.83**
Charge for the year	-	3.81	3.81
As at March 31, 2020	**-**	**15.64**	**15.64**
Charge for the year	-	3.69	3.69
At March 31, 2021	**-**	**19.33**	**19.33**
Net carrying value			
As at March 31, 2019	**9.74**	**12.13**	**21.87**
As at March 31, 2020	**9.74**	**9.75**	**19.49**
At March 31, 2021	**246.30**	**9.32**	**255.62**

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, 2021	March 31, 2020
Terminal value growth rate	5%	5%
Pre tax discount rate	20%	20%

Based on the above, no impairment was identified as at March 31, 2021 as the recoverable value exceeds the carrying value.

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

5. Financial assets

	March 31, 2021	March 31, 2020
A. Investments		
Others	3.41	3.41
Total	**3.41**	**3.41**
Unquoted investments (valued at fair value through profit and loss)		
- 3,405,000 (March 31, 2020: 3,405,000) Equity shares of ₹10 each of Atchutapuram Effluent Treatment Limited.	3.41	3.41
Total	**3.41**	**3.41**
B. Loans		
Current (unsecured, considered good unless stated otherwise)		
Other loans		
- Loans to employees	0.68	0.49
Total	**0.68**	**0.49**
C. Other financial assets		
Non-current (unsecured, considered good unless stated otherwise)		
Security deposits	21.51	17.85
Other balances with banks	0.31	0.09
Export and other incentives receivable *	20.51	15.81
Total	**42.33**	**33.75**
Current (unsecured, considered good unless stated otherwise)		
Export and other incentives receivable *	38.71	39.23
Insurance claim receivable	0.26	0.03
Derivative financial instruments - asset	0.10	-
Total	**39.07**	**39.26**

* Export and other incentives have been recognised 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, 2021 vide notification no.60/2015-2020 dated 31.03.2021 & 57/2015-2020 dated 31.03.2020

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.

6. Deferred tax assets / (liabilities) (net)

Particulars		March 31, 2021	March 31, 2020
Deferred tax liability relating to			
Accelerated depreciation for tax purposes		(126.80)	(121.39)
Deferred revenue on embedded leases		(17.18)	(22.86)
	(A)	**(143.98)**	**(144.25)**
Deferred tax asset relating to			
MAT credit entitlement		85.28	193.75
Expenses allowable on payment basis		15.06	23.14
Other items giving rise to temporary differences		24.46	1.29
	(B)	**124.80**	**218.18**
Deferred tax assets/(liability) (Net)	**(A+B)**	**(19.18)**	**73.93**

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(All amounts in Crore Rupees except for share data or as otherwise stated)

Deferred tax assets/(liabilities):

For the year ended March 31, 2021:

Particulars	Opening balance	Recognised/ Utilised during the year	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(121.39)	(5.41)	-	(126.80)
Deferred revenue on embedded leases	(22.86)	5.68	-	(17.18)
MAT credit entitlement/(utilisation)	193.75	(108.47)	-	85.28
Expenses allowable on payment basis	23.14	(8.08)	-	15.06
Other items giving rise to temporary differences	1.17	25.83	(2.66)	24.34
Impact on account of adoption of Ind AS 116 (refer note no. 42A)	0.12	-	-	0.12
	73.93	**(90.45)**	**(2.66)**	**(19.18)**

For the year ended March 31, 2020:

	Opening balance	Recognised/ Utilised during the year	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(108.79)	(12.60)	-	(121.39)
Deferred revenue on embedded leases	(28.56)	5.70	-	(22.86)
MAT credit entitlement	175.67	18.08	-	193.75
Expenses allowable on payment basis	11.53	11.61	-	23.14
Other items giving rise to temporary differences	3.53	(7.55)	5.19	1.17
Impact on account of adoption of Ind AS 116 (refer note no. 42A)	-	-	-	0.12
	53.38	**15.24**	**5.19**	**73.93**

The Group has accounted for deferred tax assets/(liabilities) (net) of ₹ (19.18) (March 31, 2020: ₹ 73.93) 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.

7. Other assets

Particulars	March 31, 2021	March 31, 2020
A) Non-current (unsecured, considered good unless otherwise stated)		
Capital advances	75.07	18.92
Advances recoverable in cash and kind	1.50	1.51
Prepayments	10.29	10.70
Balances with statutory/Government authorities	9.18	2.00
Taxes paid under protest	1.35	1.08
	97.39	**34.21**
Less: Allowance for doubtful advances	(1.50)	(1.51)
Total	**95.89**	**32.70**
B) Current (unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or kind	18.35	20.52
Prepayments	16.45	11.76
Balances with statutory/Government authorities	69.36	40.90
Others	0.98	0.75
Total	**105.14**	**73.93**

8. Inventories

Particulars	March 31, 2021	March 31, 2020
(At lower of cost and net realisable value)		
Raw materials (including port stock and stock-in-transit ₹ 193.39 (March 31, 2020 : ₹ 59.28)	624.70	293.10
Work-in-progress	447.68	289.65
Finished goods	446.39	288.13
Stores, spares and packing materials	56.68	34.34
Total	**1,575.45**	**905.22**

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(All amounts in Crore Rupees except for share data or as otherwise stated)

9. Trade receivables

Particulars	March 31, 2021	March 31, 2020
Unsecured		
Considered good	1,306.06	791.42
Credit impaired	0.35	1.37
	1,306.41	**792.79**
Less: Allowance for doubtful debts	(0.35)	(1.37)
Total	**1,306.06**	**791.42**

a) 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.

b) Trade receivables are non-interest bearing and are generally on terms of 30 - 120 days.

c) Of the trade receivables balance, ₹ 698.65 in aggregate (as at March 31, 2020: ₹ 444.39) is due from the Company's customers individually representing more than 5 % of the total trade receivables balance.

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. In calculating expected credit loss, the Group has also considered credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

e) Trade receivables is net of bills discounted without recourse amounting to ₹ 234.36 (as at March 31, 2020, ₹ 54.23)

Movement in the expected credit loss allowance	March 31, 2021	March 31, 2020
Balance at the beginning of the year	1.37	2.35
Movement in expected credit loss allowance on trade receivables	(1.02)	(0.98)
Balance at the end of the year	**0.35**	**1.37**

10. Cash and cash equivalents and other bank balances

Particulars	March 31, 2021	March 31, 2020
A) Cash and cash equivalents		
Balances with banks		
- On current accounts	48.28	1.42
Cash on hand	0.18	0.27
Total	**48.46**	**1.69**
B) Other balances with banks		
On deposit accounts		
- Remaining maturity for more than twelve months	0.31	0.09
- Remaining maturity for less than twelve months	-	0.05
Total	**0.31**	**0.14**
Less Amount disclosed under other assets	(0.31)	(0.09)
Total	**-**	**0.05**

Deposits with a carrying amount of ₹ Nil (March 31, 2020: ₹ 0.05) are towards margin money given for letter of credit and bank guarantees.

11. Equity share capital

Particulars	March 31, 2021	March 31, 2020
Authorised		
555,000,000* (March 31, 2020: 111,000,000) Equity shares of ₹ 2/- each (March 31, 2020 Equity shares of ₹ 10/- each)	111.00	111.00
Total	**111.00**	**111.00**
Issued, Subscribed and Paid Up		
536,602,385* (March 31, 2020: 106,914,499) Equity shares of ₹ 2/- each (March 31, 2020 Equity shares of ₹ 10/- each)	107.32	106.91
Total	**107.32**	**106.91**

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* The Board of Directors, at their meeting held on April 30, 2020, recommended for the sub-division of equity shares of the Company from existing face value of ₹ 10/- each to face value of ₹ 2/- each (i.e. split of 1 equity share of ₹ 10/- each into 5 equity shares of ₹ 2/- each), and the same has been approved by the shareholders in the Annual General Meeting of the Company held on July 09, 2020 and the Board of Directors, at their meeting held on July 30, 2020 fixed the "record date" of September 30, 2020. Accordingly, equity shares of the Company of ₹ 10/ has been sub-divided into 5 equity shares of ₹ 2/- each w.e.f. September 30, 2020.

11.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	For the year ended March 31, 2021		For the year ended March 31, 2020	
Equity Shares of ₹ 2/- (March 31, 2020 ₹ 10/-) each, fully paid up	No.	₹	No.	₹
Balance as per last financial statements (₹ 10/- each)	106,914,499	106.91	106,436,749	106.44
Issued during the year - ESOP	891,890	0.41	477,750	0.47
Sotck split (₹ 10/- each into ₹ 2/- each)	428,795,996		-	-
Outstanding at the end of the year	**536,602,385**	**107.32**	**106,914,499**	**106.91**

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 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, 2021, the amount of dividend (first interim dividend ₹ 0.80, second interim dividend ₹ 0.40 and third interim dividend of ₹ 0.80) per share declared as distribution to equity shareholders was ₹ 2.00 (March 31, 2020: final dividend ₹ 1.00 and interim dividend ₹ 1.50 {face value of ₹ 10/- each}).

11.2a. Liquidation terms and preferential rights

The liquidation terms of the equity shares are as follows:

(a) 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.

(b) 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, 2021		March 31, 2020	
Equity shares of ₹ 2/- (March 31, 2020 ₹ 10/-) each held by	% Holding	No.	% Holding	No.
Dr. Satyanarayana Chava	16.58%	88,994,020	17.62%	18,838,804
Mrs.C.Naga Rani	6.55%	35,132,720	6.91%	7,376,544
Amansa Holdings Private Limited	5.04%	27,067,626	6.12%	6,544,631
Blue Water Investment Limited	-	-	19.63%	20,989,596
FIL Capital Management (Mauritius) Limited	-	-	5.72%	6,118,806

11.4. 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.

11.5. Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
No. of equity shares allotted as fully paid bonus shares by capitalisation of securities premium	-	-	-	-	73,971,303

Notes to Financial Statements for the year ended March 31, 2021

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12. Distributions made and proposed

Particulars	March 31, 2021	March 31, 2020
Cash dividends on equity shares declared and paid:		
Final dividend for the financial year 2019-20: ₹ 1.00 (financial year 2018-19: ₹ 1.50) (face value of ₹ 10/- each)	10.69	15.97
Dividend distribution tax on final dividend	-	3.28
Interim dividend for the financial year 2020-21 (fist interim dividend ₹ 0.80 and second interim dividend ₹ 0.60 {face value of ₹ 2/-each}) (financial year 2019-20 interim dividend ₹ 1.50 {face value of ₹ 10/-each})	64.35	16.04
Dividend distribution tax on interim dividend	-	3.30
	75.04	**38.58**
Proposed dividends on equity shares:		
Final cash dividend	-	10.69
Interim dividend for the financial year 2020-21* (third iterim dividend ₹ 0.80/-)	42.93	-
	42.93	**10.69**

*The Board of Directors of the Company in their meeting held on April 29, 2021 have approved for payment of third interim dividend and the Company has fixed May 12, 2021 as "Record Date" for determining the eligibility of the Shareholders. Accordingly, the Company not recognised as a liability as at March 31, 2021.

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised it as a liability as at March 31, 2020 Effective from April 01, 2020 : Dividends will be taxed in the hands of receipient, hence there will be no liability in the hands of Company.

13. Financial liabilities

Particulars	March 31, 2021	March 31, 2020
A) Non-current borrowings		
Term loans		
Indian rupee loans from banks (Secured)	281.15	58.33
Foreign currency loans from banks (Secured)	147.60	105.70
Other loans		
Vehicle loans from banks (Secured)	0.41	0.99
Total	**429.16**	**165.02**
Current maturities of non-current borrowings		
Term loans		
Indian rupee loans from banks (Secured)	79.69	33.33
Foreign currency loans from banks (Secured)	57.67	66.44
Other loans		
Vehicle loans from banks (Secured)	0.56	1.57
	137.92	**101.34**
Less: Amount disclosed under the head "other current financial liabilities"	(137.92)	(101.34)
Total	**-**	**-**
B) Current borrowings		
Cash credits and working capital demand loans		
Indian rupee loans from banks (Secured)	598.22	392.16
Indian rupee loans from banks (Un Secured)	89.09	181.86
Foreign currency loans from banks (Secured)	22.05	155.78
Buyer's credit from banks (Secured)	132.93	60.71
Buyers credit from banks (Unsecured)	43.83	-
Total	**886.12**	**790.51**

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

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, 2021	Outstanding as on March 31, 2020	Sanction Amount	No. of Instalments	Commencement of instalments	Effective interest rate
State Bank of India (SBI) #	98.85	-	100.00	18 quarterly instalments of ₹ 5.56	December 2021	6M MCLR + 0.10%
HDFC Bank (HDFC)	33.33	60.00	100.00	15 quarterly instalments of ₹ 66.67	November 2018	At MCLR (March 31, 2020: At MCLR)
The Hongkong & Shanghai Banking Corporation (HSBC)	150.00	-	150.00	16 quarterly instalments of ₹ 9.375	July 2021	T Bill + 0.29%
CITI Bank (CITI)	25.00	31.66	40.00	24 quarterly instalments of ₹ 16.67	January 2019	T Bill + 0.28% (March 31, 2020 : T Bill + 0.28%)

During FY 2020, INR TL availed from SBI has been converted to FCNR Loan

(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, 2021	Outstanding as on March 31, 2020	Sanction Amount	No. of Instalments	Commencement of instalments	Effective interest rate
State Bank of India (SBI) - FCNR TL	-	9.52	€ 2.32 Mn	8 quarterly instalments	June 2019	EURIBOR plus 2% p.a.
State Bank of India (SBI) - FCNR TL	-	9.95	US$ 1.99 Mn	6 quarterly instalments	December 2019	LIBOR plus 2% p.a. (March 31, 2020: LIBOR plus 2% p.a.)
State Bank of India (SBI) - FCNR TL	101.44	-	US$ 13.80 Mn	18 quarterly instalments of ₹ 5.55	December 2021	LIBOR plus 2% p.a.
The Hongkong & Shanghai Banking Corporation (HSBC), Singapore	103.06	152.66	US$ 25 Mn	16 quarterly instalments	July 2019	LIBOR plus 0.76% p.a. (March 31, 2020 : LIBOR plus 0.76% p.a.)

(c) All term loans (except HDFC) 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). HDFC Term loan is secured by pari passu first charge on the property, plant and equipment (both present and future).

(d) Vehicle loans from banks are repayable in instalments ranging from 36 to 48 months from the date of the loan and secured by hypothecation of the respective vehicles.

(e) Current borrowings are availed in both Rupee and Foreign currencies. Interest on rupee loans ranges from MCLR plus 0% to 0.50% (March 31, 2020: MCLR plus 0% to 0.50%). Buyers credit loan interest ranges from LIBOR plus 0.08% to 2.00% (March 31, 2020: LIBOR plus 0.27% to 1%). 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, 2020: 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)].

Terms and conditions of borrowings - Sriam Labs Private Limited:

(f) Vehicle loans from banks are repayable in 36 monthly installments from the date of the loan and secured by hypothecation of the respective vehicles.

(g) Current borrowings are availed in Rupee. Interest on rupee loans at MCLR (March 31, 2020: MCLR plus 0.50%). These borrowings are secured by first pari passu charge on the entire current assets of the company, both present & future and are also backed by corporate guarantee from Laurus Labs Limited

Terms and conditions of borrowings - Laurus Synthesis Private Limited:

(h) 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

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Current borrowings are availed in Rupee. Interest on rupee loans at 1M MCLR plus 0.20%. These borrowings are secured by exclusive charge on the current assets of the company, and also backed by corporate guarantee from Laurus Labs Limited – to be used only if there is short term borrowing outstanding as on 31st March, 2021

Terms and conditions of borrowings - Laurus Bio Private Limited:

(i) The Company has an outstanding Indian rupee term loan of ₹ 3.44 carrying an interest rate of 12% - 14% p.a. from a bank repayable in quarterly/monthly instalments. The loan is secured by hypothecation of existing and new Plant & Machinery, lab and testing equipments and equitable mortgage on Land and Building situated at Bommasandra Jigani Link Road. Personal guarantee has also been given by Managing Director.

(j) The Company has outstanding Indian rupee term loan of ₹ 2.85 carrying an interest rate of 14% to 15.75 % p.a from Caspian Impact Investment Private Limited repayable in equal quarterly/monthly instalments. The loan is secured by hypothecation of equipment and non current assets (other than assets hypothecated with the Bank). Personal Guarantee has also been given Managing Director

C) Trade payables

Particulars	March 31, 2021	March 31, 2020
Valued at amortised cost		
- Total outstanding dues to creditors other than micro enterprises and small enterprises	1,122.45	594.70
- Outstanding dues to related parties (refer note no. 32)	22.12	10.93
Total	**1,144.57**	**605.63**
- Total outstanding dues to micro enterprises and small enterprises (refer note no. 30)	34.12	10.00
Total	**34.12**	**10.00**

D) Current maturities and other financial liabilities

Particulars	March 31, 2021	March 31, 2020
Valued at amortised cost		
Current maturities of non-current borrowings (refer note no. 13A)	137.92	101.34
Capital creditors	95.85	52.69
Interest accrued	2.36	2.50
Derivative financial instruments - liability	-	11.00
Total	**236.13**	**167.53**

E) Other financial liabilities

Particulars	March 31, 2021	March 31, 2020
Gross obligation liability to acquire Non-controlling interest *	83.20	-
Total	**83.20**	**-**

* During the current 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, 2021 the Company holds 79.21% stake in Laurus Bio Private Limited. According to conditions stipulated in the Investment Agreement, the selling shareholders (Promoters) have "put option" over 20.79 % 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. As at March 31, 2021, this option has been recognised as a financial liability at the fair value of the redemption amount with a corresponding adjustment to other equity. (refer note no. 39)

14. Other non-current and current liabilities

Particulars	March 31, 2021	March 31, 2020
A) Non-current		
Advances from customers	71.84	56.74
	71.84	**56.74**
B) Current		
Advances from customers	86.98	71.23
Unclaimed dividend	0.14	0.06
Charge back reserves and rebates	29.52	13.79
Statutory dues	12.26	6.87
Total	**128.90**	**91.95**

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

15. Provisions

Particulars	March 31, 2021	March 31, 2020
A) Non-current provisions		
Provision for gratuity	39.27	25.59
Provision for compensated absences	23.92	20.26
Total	**63.19**	**45.85**
B) Current provisions		
Provision for gratuity	4.47	3.90
Provision for compensated absences	7.99	7.04
Total	**12.46**	**10.94**

16. Income tax assets / liabilities

Particulars	March 31, 2021	March 31, 2020
A) Income tax assets		
Advance tax (net)	0.70	0.24
Tax paid under protest	0.71	0.71
	1.41	**0.95**
B) Income tax liabilities		
Provision for taxes (net)	12.63	13.83
	12.63	**13.83**

17. Revenue from operations

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products			
Income from sale of API, Intermediates and Formulations		4,511.26	2,677.31
Income from sale of traded goods		87.48	18.94
	(A)	**4,598.74**	**2,696.25**
Sale of services			
Contract research services		124.48	62.35
	(B)	**124.48**	**62.35**
Other operating revenue			
Sale of scrap		5.21	3.45
Export and other incentives *		32.36	44.72
Others		52.72	24.95
	(C)	**90.29**	**73.12**
Total	**(A+B+C)**	**4,813.51**	**2,831.72**

* Export and other incentives have been recognised 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, 2021 vide notification no.60/2015-2020 dated 31.03.2021 & 57/2015-2020 dated 31.03.2020

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.

18. Other income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on foreign exchange fluctuations	17.71	-
Provision no longer required written back	0.30	0.23
Lease rental income	3.89	3.89
Profit on sale of fixed assets	0.24	0.08
Miscellaneous income	0.21	0.75
Total	**22.35**	**4.95**

Notes to Financial Statements for the year ended March 31, 2021

(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, 2021	For the year ended March 31, 2020
Raw materials consumed			
Opening stock at the beginning of the year		295.46	298.68
Add : Purchases		2,659.16	1,579.94
		2,954.62	**1,878.62**
Less : Closing stock at the end of the year		646.22	295.46
	(A)	**2,308.40**	**1,583.16**
Packing materials consumed	**(B)**	50.57	30.52
Total	**(A+B)**	**2,358.97**	**1,613.68**

20. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock of inventories		
Finished goods of API, Intermediates and Formulations	285.67	151.35
Work-in-progress of API, Intermediates and Formulations	289.65	207.82
Addition - business combinations	2.93	-
	578.25	**359.17**
Closing stock of inventories		
Finished goods of API, Intermediates and Formulations	427.58	285.67
Work-in-progress of API, Intermediates and Formulations	447.68	289.65
	875.26	**575.32**
(Increase)/Decrease in inventories of finished goods and work-in-progress	**(297.01)**	**(216.15)**
(Increase)/Decrease in finished goods of API, Intermediates and Formulations	(138.98)	(134.32)
(Increase)/Decrease in Work-in-Progress of API, Intermediates and Formulations	(158.03)	(81.83)
(Increase)/Decrease in inventories of finished goods and work-in-progress	**(297.01)**	**(216.15)**

21. Employee benefits expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, allowances and wages	316.01	261.82
Contribution to provident fund and other funds	18.20	15.73
Gratuity expense	8.60	7.03
Share based payment expense	2.89	3.67
Managerial remuneration	37.05	24.10
Recruitment and training	0.75	0.85
Staff welfare expenses	50.59	31.67
Total	**434.09**	**344.87**

22. Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of stores and spares	39.18	30.62
Conversion charges	50.39	15.14
Factory maintenance	112.40	89.28
Effluent treatment expenses	53.44	25.26
Power and fuel	157.75	136.77
Repairs and maintenance		
Plant and machinery	35.53	24.45
Buildings	2.98	6.56
Others	2.33	1.70
Product development	17.29	15.18
Testing and analysis charges	0.67	0.79
Rent	2.03	4.27
Rates and taxes	31.99	24.72

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Office maintenance	3.01	2.35
Insurance	18.27	16.64
Printing and stationery	2.57	2.31
Consultancy and other professional charges	27.79	24.26
Membership and subscription	6.20	5.67
Remuneration to auditors		
-Audit fee	0.73	0.50
-Tax audit fee	0.07	0.05
-Limited review	0.33	0.33
-Other services	0.09	0.11
-Out of pocket expenses	0.03	0.02
Travelling and conveyance	1.49	6.55
Communication expenses	1.63	2.35
Loss on sale of property, plant and equipment (net)	0.85	0.83
Allowance for bad and doubtful advance and debts	2.51	3.52
Net Loss on foreign exchange fluctuations	-	0.92
Carriage outwards	38.50	19.54
Commission on sales	47.77	27.39
Other selling expenses	3.49	8.33
Business promotion and advertisement	1.89	6.27
CSR expenditure (refer note 26)	5.82	4.55
Donations	1.43	0.78
Miscellaneous expenses	0.10	0.89
Total	**670.55**	**508.90**

23A. Finance income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Income on		
Deposits and margin money held	0.01	0.02
Electricity deposits and others	1.30	0.95
Total	**1.31**	**0.97**

23B. Finance costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest		
- on term loans	15.99	15.39
- on working capital loans	37.43	54.70
- on others	2.70	3.30
	56.12	**73.39**
Bank charges	10.26	5.21
Exchange differences to the extent considered as an adjustment to finance costs	1.78	10.99
Total	**68.16**	**89.59**

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

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, 2021	For the year ended March 31, 2020
Retained earnings:		
Remeasurement gains/(losses) on defined benefit plans	(6.76)	(1.50)
Deferred tax on remeasurement of defined benefit plans	2.38	0.52
Fair value movements on cash flow hedges	14.44	(13.37)
Deferred tax on fair value movements on cash flow hedges	(5.04)	4.67
Exchange differences on translating the financial statements of foreign operations	(0.01)	(1.69)
Total other comprehensive income for the year, net of tax	**5.01**	**(11.37)**

25. Earnings per share (EPS)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit available for equity shareholders	983.58	255.27
Weighted average number of equity shares in computing basic EPS	535,748,294	533,423,806
Add: Effect of dilution		
Stock options granted under ESOP	2,376,365	29,429
Weighted average number of equity shares in computing diluted earnings per share	538,124,659	533,453,236
Face value of each equity share (₹)	2.00	2.00
Earnings per share *		
- Basic (₹)	18.36	4.79
- Diluted (₹)	18.28	4.79

* The equity shares of the Company of ₹ 10/ has been sub-divided into 5 equity shares of ₹ 2/- each w.e.f. September 30, 2020, accordingly EPS has been restated for all the periods.

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 ₹ 4.44 (March 31, 2020 : ₹ 4.05)

CSR Activities	For the year ended March 31, 2021		
	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
	(-)	(-)	(-)
(ii) On purposes other than (i) above	5.82	-	5.82
	(4.55)	(-)	(4.55)

Amounts in bracket indicate previous year numbers

27. Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2021 and for the year ended March 31, 2020 are:

(i) Statement of Profit and Loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax	337.60	53.58
Deferred tax credit*	(20.31)	(15.24)
Total income tax expense recognised in Statement of Profit and Loss	**317.29**	**38.34**

* Including Mat credit entitlement/(utilisation) of ₹ (108.47) crores (March 31, 2020 : ₹ 18.08 crores)

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

(ii) Other comprehensive income (OCI)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Tax on remeasurement of defined benefit plans	2.38	0.52
Tax on fair value movements on cash flow hedges	(5.04)	4.67
Total tax recognised in OCI	**(2.66)**	**5.19**

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax (A)	1,301.11	293.61
Enacted tax rate in India (B)	34.944%	34.944%
Expected tax expenses (C = A*B)	454.66	102.60
Other than temporary difference		
Weighted deduction under section 35(2AB) under the Income Tax Act, 1961	-	(42.29)
Deduction under section 32AD of the Income Tax Act, 1961	-	(16.68)
Expenses disallowed under Income Tax Act, 1961	8.86	6.36
Effect of lower tax rate in subsidiary	0.74	(0.84)
Income exempt from income taxes under section 10 AA	(363.59)	(99.41)
Deferred Tax Liability Originating and reversing during tax holiday period	-	(39.49)
Results of subsidiary not taxable	(30.92)	11.72
Adjustment for taxes with respect to earlier years	-	5.54
Others	(8.19)	(8.80)
Total (D)	**(393.10)**	**(183.89)**
Profit after adjusting permanent difference	908.01	109.72
Expected tax expense	317.29	38.34
Actual income tax expense (benefit)	317.29	38.34
Effective tax rate	24.39%	13.06%

(c) The details of component of deferred tax assets/(liabilities) are given under note 6.

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, 2021	For the year ended March 31, 2020
A) Net employee benefit expense (recognised in employee benefits expenses)		
Current service cost	6.66	5.42
Interest cost	1.98	1.64
Expected return on plan assets	(0.04)	(0.03)
Net employee benefit expenses	**8.60**	**7.03**
Actual return on plan asset	**(0.01)**	**(0.03)**
B) Amount recognised in the Balance Sheet		
Defined benefit obligation	43.74	29.70
Fair value of plan assets	0.92	0.21
	42.82	**29.49**
C) Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	29.70	22.11
Current service cost	6.66	5.42
Interest cost	1.98	1.64
Benefits paid	(1.36)	(0.97)
Net actuarial (gains) / losses on obligation for the year recognised under OCI	6.76	1.50
Closing defined benefit obligation	**43.74**	**29.70**

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
D) Change in the fair value of plan assets		
Opening fair value of plan assets	0.21	0.45
Actual return on plan assets	0.01	0.03
Contributions	1.99	0.70
Benefits paid	(1.29)	(0.97)
Closing fair value of plan assets	**0.92**	**0.21**

The Group expects to contribute ₹ 4.47 to the gratuity fund in the next year (March 31, 2020: ₹ 3.90) against the short term liability of ₹ 4.47 (March 31, 2020: ₹ 3.90) 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, 2021	For the year ended March 31, 2020
Investments with SBI Life Insurance Company Limited	100.00%	100.00%

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
E) Remeasurement adjustments:		
Financial loss/ (gain) on plan assets	(6.76)	(1.50)
Remeasurement gains/(losses) recognised in other comprehensive income:	**(6.76)**	**(1.50)**

(i) The principal assumptions used in determining gratuity and compensated absences for the Group's plans are shown below:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount rate	6.90%	6.80%
Expected rate of return on assets	6.90%	6.80%
Salary rise	11.00%	12.00%
Attrition rate	13.00%	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	For the year ended March 31, 2021	For the year ended March 31, 2020
Year 1	4.47	3.87
Year 2	4.29	3.01
Year 3	4.34	2.88
Year 4	4.37	2.88
Year 5	4.50	2.73
Beyond 5 years	21.77	12.72

The average duration of the defined benefit plan obligation at the end of the reporting period is 26.04 years (March 31, 2020: 25.83 years).

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

(iii) Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Effect of 1% change in assumed discount rate on defined benefit obligation		
- 1% increase	(2.18)	(1.89)
- 1% decrease	4.48	2.15
(b) Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
- 1% increase	4.03	1.78
- 1% decrease	(1.98)	(1.71)
(c) Effect of 1% change in assumed attrition rate on defined benefit obligation		
- 1% increase	0.29	(0.41)
- 1% decrease	1.63	0.46

Defined contribution plan

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contribution to provident fund	16.47	14.19
Contribution to superannuation fund	1.81	1.63

29. Share based payments - Equity settled

ESOP 2011 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme(ESOP) 2011 for issue of stock options to eligible employees of the Company effective from September 19, 2011. 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 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.

Exercise period

Scheme	Grant	Number of options	Year 1 25%	Year 2 25%	Year 3 50%
ESOP 2011	Grant I	553,000	20-Sep-13	20-Sep-14	20-Sep-15
ESOP 2011	Grant II	28,000	19-Sep-14	19-Sep-15	19-Sep-16
ESOP 2011	Grant III	38,500	19-Sep-15	19-Sep-16	19-Sep-17
ESOP 2011	Grant IV	75,500	19-Sep-16	19-Sep-17	19-Sep-18
ESOP 2011	Grant V	185,438	19-Sep-17	19-Sep-18	19-Sep-19
ESOP 2016	Grant I	178,438	01-Jul-18	01-Jul-19	01-Jul-20
ESOP 2016	Grant II	537,150	01-Dec-20	01-Dec-21	01-Dec-22
ESOP 2018	Grant I	149,750	01-Dec-21	01-Dec-22	01-Dec-23

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Scheme	Date of Grant	Number of options Granted *	Exercise price	Weighted Average Fair value of option at grant date
ESOP 2011	September 19, 2011	553,000	10.00	105.96
ESOP 2011	September 19, 2012	28,000	10.00	163.94
ESOP 2011	September 19, 2013	38,500	10.00	175.94
ESOP 2011	September 19, 2014	75,500	10.00	262.84
ESOP 2011	September 19, 2015	185,438	10.00	525.65
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

* The Group issued bonus shares in the ratio of 3 shares for every 1 share held.

The details of activity under the Scheme ESOP 2011 are summarised below :

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	No. of options	No. of options
Outstanding at the beginning of the year	6,000	317,000
Forfeited during the year	-	500
Exercised during the year	6,000	310,500
Outstanding at the end of the year	-	6,000
Exercisable at the end of the year	-	6,000
Weighted average exercise price for all the above options (not adjusted for bonus issue)	10	10

The details of activity under the Scheme ESOP 2016 are summarised below :

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	No. of options	No. of options
Outstanding at the beginning of the year	783,425	986,000
Granted during the year	-	-
Additional options on adjustment of stock split on September 30, 2020 *	1,977,600	-
Forfeited during the year	56,700	35,325
Exercised during the year	885,890	167,250
Outstanding at the end of the year	1,818,435	783,425
Exercisable at the end of the year	18,065	4,500
Weighted average exercise price for all the above options (not adjusted for bonus issue)	292.00	550

The details of activity under the Scheme ESOP 2018 are summarised below :

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	No. of options	No. of options
Outstanding at the beginning of the year	142,750	-
Granted during the year	-	149,750
Additional options on adjustment of stock split on September 30, 2020 *	540,000	
Forfeited during the year	41,500	7,000
Exercised during the year	-	-
Outstanding at the end of the year	641,250	142,750
Weighted average exercise price for all the above options (not adjusted for bonus issue)	255.50	255.50

* The equity shares of the Company of ₹ 10/ has been sub-divided into 5 equity shares of ₹ 2/- each w.e.f. September 30, 2020, accordingly stock options have been adjusted.

For options exercised during the year, the weighted average share price at the exercise date under ESOP 2011 scheme, was ₹ 525.86 per share (March 31, 2020: ₹ 347.95 per share,) and under ESOP 2016 scheme, was ₹ 131.82 per share (March 31, 2020: ₹ 347.95 per share).

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(All amounts in Crore Rupees except for share data or as otherwise stated)

The weighted average remaining contractual life for the stock options outstanding under ESOP 2011 scheme as at March 31, 2021 is Nil years (March 31, 2020 : 0.47 years), under ESOP 2016 as at March 31, 2021 is 1.67 years (March 31, 2020: 3.38 years) and under ESOP 2018 as at March 31, 2021 is 2.67 years (March 31, 2020: 4.68). The range of exercise prices for options outstanding under ESOP 2011 scheme as at March 31, 2021 was ₹ 10.00 (March 31, 2020: ₹ 10.00), under ESOP 2016 as at March 31, 2021 was ₹ 550.00 (March 31, 2020: ₹ 550.00) and under ESOP 2018 as at March 31, 2021 was ₹ 255.50 (March 31, 2020: ₹ 255.50).

The weighted average fair value of stock options granted during the year under ESOP 2016 scheme was ₹ Nil (March 31, 2020: ₹ Nil) and under ESOP 2018 scheme was ₹ Nil (March 31, 2020: ₹ 150.88). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2021							
	ESOP 2011 scheme					ESOP 2016 scheme		ESOP 2018 scheme
	Grant V	Grant IV	Grant III	Grant II	Grant I	Grant II	Grant I	Grant I
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.39%	0.39%	0.39%	0.43%
Expected volatility	0.00%	0.00%	0.00%	0.00%	26.90%	26.90%	0.00%	0.00%
Risk-free interest rate	7.71%	8.56%	8.47%	8.01%	8.34%	7.19%	7.03%	5.81%
Weighted average share price of Rs.	533.00	269.97	183.10	171.22	113.15	384.00	514.79	350.25
Exercise price of Rs.	10.00	10.00	10.00	10.00	10.00	292.00	550.00	255.50
Expected life of options granted in years	3.51	3.50	3.50	3.50	3.51	2.50	2.50	3.50

	March 31, 2020							
	ESOP 2011 scheme					ESOP 2016 scheme		ESOP 2018 scheme
	Grant V	Grant IV	Grant III	Grant II	Grant I	Grant II	Grant I	Grant I
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.39%	0.39%	0.39%	0.43%
Expected volatility	0.00%	0.00%	0.00%	0.00%	26.90%	26.90%	0.00%	0.00%
Risk-free interest rate	7.71%	8.56%	8.47%	8.01%	8.34%	7.19%	7.03%	5.81%
Weighted average share price of Rs.	533.00	269.97	183.10	171.22	113.15	384.00	514.79	350.25
Exercise price of Rs.	10.00	10.00	10.00	10.00	10.00	292.00	550.00	255.50
Expected life of options granted in years	3.51	3.50	3.50	3.50	3.51	2.50	2.50	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, Small and Medium Enterprises as per MSMED Act,2006):

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
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	34.12	10.00
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.	-	-
Total	**34.12**	**10.00**

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, 2021

(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:

(i) Revenue from customers within India – Domestic

(ii) Revenue from customers outside India – Exports

Geographical segments

Particulars	For the year ended March 31, 2021		
	Outside India	Within India	Total
Revenue	3,269.21	1,544.30	4,813.51
Carrying amount of assets	64.35	5,686.34	5,750.69
Cost incurred to acquire capital assets	-	688.77	688.77

Particulars	For the year ended March 31, 2020		
	Outside India	Within India	Total
Revenue	1,830.73	1,000.99	2,831.72
Carrying amount of assets	29.38	3,720.94	3,750.32
Cost incurred to acquire capital assets	-	222.19	222.19

32. Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Enterprise over which Key Management Personnel exercise significant influence	
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	
Key Management Personnel	
i) Dr. Satyanarayana Chava	Whole time director & Chief executive officer
ii) Mr. V. V. Ravi Kumar	Executive Director & Chief financial officer
iii) Dr. Lakshmana Rao C V	Executive Director
iv) Mr. C. Chandrakanth *	Non-Executive Director
v) Mr. Ramesh Subrahmanian **	Independent Director
vi) Mrs. Aruna Bhinge	Independent Director
vii) Mr. Rajesh Chandy	Independent Director
viii) Dr. M. Venu Gopala Rao	Independent Director
ix) Dr. Ravindranath Kancherla	Independent Director
x) Mr. G. Venkateswar Reddy	Company Secretary
Relatives of Key Management Personnel	
i) Mr. C. Narasimha Rao	Brother of Dr. Satyanarayana Chava
ii) Mr. C. Chandrakanth	Son-in-Law of Dr. Satyanarayana Chava
iii) Mr. C. Krishna Chaitanya	Son of Dr. Satyanarayana Chava
iv) Mrs. C. Soumya	Daughter of Dr. Satyanarayana Chava

* Non-Executive Director effective from April 01, 2020

** Resigned with effective from February 27, 2020

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(All amounts in Crore Rupees except for share data or as otherwise stated)

Transactions during the year :

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Enterprise over which Key Management Personnel exercise significant influence		
i) Laurus Infosystems (India) Private Limited		
Software maintenance	1.17	1.25
ii) HRV Global Life Sciences Private Limited		
Sale of goods	8.86	0.04
Purchase of goods	2.93	-
iii) Laurus Charitable Trust		
Donations	0.48	1.13
iv) Kapston Facilities Management limited		
Factory maintenance	1.20	0.82
v) Sterotherapeutics, LLC		
Sale of goods	3.09	-
b) Key Management Personnel		
i) Dr. Satyanarayana Chava		
Remuneration	25.74	15.98
ii) Mr. V. V. Ravi Kumar		
Remuneration	5.81	3.38
Rent	0.10	0.09
iii) Dr. Lakshmana Rao C V		
Remuneration	3.87	1.49
iv) Mr. C. Chandrakanth		
Remuneration	-	1.79
Independent directors fee	0.40	-
Sitting fee	0.08	-
v) Mr. Ramesh Subrahmanian		
Independent directors fee	-	0.28
Sitting fee	-	0.03
vi) Mrs. Aruna Bhinge		
Independent directors fee	0.20	0.20
Sitting fee	0.07	0.05
vii) Mr. Rajesh Chandy		
Independent directors fee	0.30	0.28
Sitting fee	0.08	0.05
viii) Dr. M. Venu Gopala Rao		
Independent directors fee	0.20	0.20
Sitting fee	0.07	0.04
ix) Dr. Ravindranath Kancherla		
Independent directors fee	0.20	0.20
Sitting fee	0.06	0.02
x) Mr. G. Venkateswar Reddy		
Remuneration	0.61	0.51
c) Relatives of Key Management Personnel		
i) Mr. C. Narasimha Rao		
Remuneration	1.00	0.75
ii) Mr. C. Krishna Chaitanya		
Remuneration	1.18	0.87
iii) Mrs. C. Soumya		
Rent	0.20	0.18

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(All amounts in Crore Rupees except for share data or as otherwise stated)

Closing balances (Unsecured)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Enterprise over which Key Management Personnel exercise significant influence		
i) HRV Global Life Sciences Private Limited		
Trade receivable	0.22	0.22
ii) Kapston Facilities Management limited		
Trade payables	0.10	-
iii) Sterotherapeutics, LLC		
Trade receivable	2.66	-
b) Key Management Personnel		
i) Dr. Satyanarayana Chava		
Remuneration payable	16.65	7.99
ii) Mr. V. V. Ravi Kumar		
Remuneration payable	2.78	1.13
Rent payable	0.01	0.01
iii) Dr. Lakshmana Rao C V		
Remuneration payable	1.85	0.49
iv) Mr. C. Chandrakanth		
Remuneration payable	-	0.89
v) Mr. G. Venkateswar Reddy		
Remuneration payable	0.16	0.09
c) Relatives of Key Management Personnel		
i) Mr. C. Narasimha Rao		
Remuneration payable	0.32	0.16
ii) Mr. C. Krishna Chaitanya		
Remuneration payable	0.35	0.16
iii) Mrs. C. Soumya		
Rent payable	0.02	0.01

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.

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) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Lease commitments - Group as lessor

The Group has entered into agreement to manufacture and supply intermediates produced at a dedicated block constructed exclusively for the lessee. The Group has identified assets under operating and finance lease based on the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term. The Group applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

(ii) Lease commitments - Group as lessee

The Group has entered into leases for land and office premises. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the land and office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the land and the office premises and accounts for the

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

contracts as operating leases. Further, refer note no. 40 A, for effect of transition to Ind AS 116, classification of leases and other disclosures relating to leases.

(iii) Taxes

The Group has a Minimum Alternate Tax (MAT) credit of ₹ 85.28 as on March 31, 2021 (March 31, 2020: 193.75). 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 utilised in comming two years.

(iv) Business combinations – Judgements

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets (including useful life estimates) and liabilities acquired, and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

(B) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) 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.

(ii) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(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. See note 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.

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(C) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

COVID-19 is the infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of our employees and ensure business continuity with minimal disruption. The Group immediately took steps to mitigate sanitary and health risks and the Group promptly set up a team of experts to assist the Health and Safety at Work places. In assessing the recoverability of receivables and other financial assets, the Group has considered internal and external information upto the date of approval of these Consolidated financial statements. The impact of the global health pandemic may be different from that of estimated as at the date of approval of these Consolidated financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

34. Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Group uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The Group classifies its derivative financial instruments that hedge foreign currency risk associated with highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded in the Group's hedging reserve as a component of equity and re-classified to the Statement of Profit and Loss as revenue in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such cash flow hedges is recorded in the Statement of Profit and Loss immediately. All outstanding forward contracts have maturity period of less than twelve months. Refer note no. 37(d) for disclosure on hedges of highly probable forecasted transactions.

35. 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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Financial assets at fair value through profit or loss:				
Investments	3.41	3.41	3.41	3.41
Financial assets at amortised cost:				
Loans	0.68	0.49	0.68	0.49
Deposits and export and other incentive receivables	81.40	73.01	81.40	73.01
Trade receivables	1,306.06	791.42	1,306.06	791.42
Cash and cash equivalents	48.46	1.69	48.46	1.69
Other balances with banks	-	0.05	-	0.05
Financial liabilities at amortised cost:				
Borrowings (Non-current and current)	1,453.20	1,056.87	1,453.20	1,056.87
Interest payable	2.36	2.50	2.36	2.50
Trade payables	1,178.69	615.63	1,178.69	615.63
Capital creditors and others	95.85	52.69	95.85	52.69
Gross obligation liability to acquire Non-controlling interest	83.20	-	83.20	-
Financial liabilities at fair value through profit and loss:				
Derivative contracts	14.44	(2.37)	14.44	(2.37)
Financial liabilities at fair value through OCI				
Hedges of high probable forecasted transactions	(14.44)	13.37	(14.44)	13.37

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 Group's assets and liabilities.

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Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2021:

Particulars	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at fair value through profit and loss:					
Investments	March 31, 2021	3.41	-	3.41	-
Financial liabilities at fair value through profit and loss:					
Derivative financial instruments	March 31, 2021	14.44	-	14.44	-
Financial liabilities at fair value through OCI:					
Hedges of highly probable forecasted transactions	March 31, 2021	(14.44)	-	(14.44)	-

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2020:

Particulars	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at fair value through profit and loss:					
Investments	March 31, 2020	3.41	-	3.41	-
Financial liabilities at fair value through profit and loss:					
Derivative financial instruments	March 31, 2020	(2.37)	-	(2.37)	-
Financial liabilities at fair value through OCI:					
Derivative financial instruments	March 31, 2020	13.37	-	13.37	-

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
Assets measured at fair value:	
Investments	The fair value is determined based on value per share derived from net worth of the Company as at the reporting date.
Liabilities measured at fair value:	
Derivative financial instruments	The fair value is determined using quoted forward exchange rates at the reporting date.

37. 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, ₹ 698.65 in aggregate (as at March 31, 2020 ₹ 444.39) is due from the Group's customers individually representing more

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than 5% of the total trade receivables balance and accounted for approximately 54% (March 31, 2020: 56%) of all the receivables outstanding. The Group' 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 ₹ 1,306.06 and ₹ 791.42 as of March 31, 2021 and March 31, 2020 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.

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
March 31, 2021:					
Non-current borrowings (including current maturities)	138.08	363.50	65.50	-	567.08
Current borrowings	886.12	-	-	-	886.12
Interest payable	2.36	-	-	-	2.36
Trade payables	1,178.69	-	-	-	1,178.69
Other payables	95.85	-	-	-	95.85
Gross obligation liability to acquire Non-controlling interest	-	-	83.20	-	83.20
	2,301.10	**363.50**	**148.70**	**-**	**2,813.30**

Particulars	Up to 1 Year	1 to 3 years	3 to 5 years	> 5 years	Total
March 31, 2020:					
Non-current borrowings (including current maturities)	101.34	160.00	5.00	-	266.34
Current borrowings	790.51	-	-	-	790.51
Interest payable	2.50	-	-	-	2.50
Trade payables	615.63	-	-	-	615.63
Other payables	52.69	-	-	-	52.69
	1,562.67	**160.00**	**5.00**	**-**	**1,727.67**

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 optimise 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.

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

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
March 31, 2021				
Indian Rupees	0.50%	0.50%	(4.61)	4.61
US Dollars	0.50%	0.50%	(1.82)	1.82
March 31, 2020				
Indian Rupees	0.50%	0.50%	(3.96)	3.96
US Dollars	0.50%	0.50%	(1.86)	1.86

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, 2021 Sell US $ 3,83,30,386	Designated as fair value hedge - receivables
March 31, 2020 Buy US $ 26,09,282	Designated as fair value hedge - borrowings
March 31, 2020 Buy US $ 77,812	Designated as fair value hedge - payables
March 31, 2020 Sell US $ 12,29,074	Designated as fair value hedge - receivables
March 31, 2020 Sell US $ 4,10,00,000	Designated as cash flow hedge - highly probable forecasted transactions (Sales)

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, 2021			March 31, 2020		
		Amount in foreign currency	Amount in ₹	Conversion rate	Amount in foreign currency	Amount in ₹	Conversion rate
Secured loans	USD	48,904,554	359.47	73.50	45,557,684	343.44	75.39
	EURO	-	-	86.10	3,146,178	26.13	83.05
Unsecured loans	USD	5,962,245	43.83	73.50	-	-	-
Interest accrued but not due on borrowings	USD	35,135	0.26	73.50	121,600	0.92	75.39
Trade payables	USD	60,552,312	445.09	73.50	26,383,956	198.90	75.39
	EURO	1,385,897	11.93	86.10	654,008	5.43	83.05
	GBP	124,778	1.26	100.95	-	-	90.48
	CAD	2,495	0.01	58.06	3,905	0.02	53.20
	ZAR	-	-	4.95	126,144	0.05	4.19
Capital creditors	USD	1,237,099	9.09	73.50	22,386	0.17	75.39
	GBP	15,892	0.16	100.95	-	-	90.48
	EURO	127,057	1.09	86.10	1,700	0.01	83.05

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Particulars	Currency	March 31, 2021			March 31, 2020		
		Amount in foreign currency	Amount in ₹	Conversion rate	Amount in foreign currency	Amount in ₹	Conversion rate
Trade receivables	USD	62,920,920	462.20	73.50	58,052,076	437.63	75.39
	EURO	3,479,436	29.96	86.10	4,349,657	36.12	83.05
	CAD	915,418	4.87	53.20	1,715,472	9.13	53.20
Cash and cash equivalents*	USD	5,014,268	37.80	75.39	1,828	0.01	75.39
	EURO	10,170	0.09	86.10	8,764	0.07	83.05

* Excluding amounts less than Indian Rupees 1,00,000.

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 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 USD rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2021				
USD	1.00 %	1.00 %	(3.58)	3.58
EURO	1.00 %	1.00 %	0.17	(0.17)
March 31, 2020				
USD	1.00 %	1.00 %	(1.06)	1.06
EURO	1.00 %	1.00 %	0.05	(0.05)

d) Hedges of highly probable forecasted transactions:

In respect of hedges of highly probable forecasted transactions, the Company recorded, as a component of equity, a net loss of ₹ Nil for the year ended March 31, 2021 (for the year ended March 31, 2020: ₹ 13.37).

The net carrying amount of the Company's "hedging reserve" as a component of equity before adjusting for tax impact is ₹ Nil as at March 31, 2021 (as at March 31, 2020: ₹ 13.37).

The below table summarises the periods when the cash flows associated with highly probale forecasted transactions that are classified as cash flow hedges are expected to occur.

USD Million

Particulars	March 31, 2021	March 31, 2020
Not later than one month	-	
Later than one month and not later than three months	-	0.20
Morethan three months and not later than twelve months	-	3.90
Total	**-**	**4.10**

e) Impact of COVID-19 (Global pandemic)

The Group basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Group has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Group continues to believe that there is no impact on effectiveness of its hedges.

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

38. Group Information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Principal activities	Country of incorporation	March 31, 2021	March 31, 2020
Laurus Synthesis Inc. (Refer note 1)	Chemistry, IP Development and related services to the global Pharmaceutical community	USA	100%	100%
Sriam Labs Private Limited	Active Pharmaceutical Ingredients (APIs) and Intermediates	India	100%	100%
Laurus Synthesis Private Limited (Refer note 3)	Contract Development & Manufacturing Organisation (CDMO)	India	100%	-
Laurus Bio Private Limited (Refer note 2)	Develops novel enzymatic solutions for Industrial Biotechnology and Animal Origin Free recombinant proteins and enzymes for Biopharma.	India	79.21%	-
Laurus Holdings Limited	Business support services in the fields of pharmaceuticals	UK	100%	100%
Laurus Generics Inc. (Refer note 1)	Pharmaceutical and related services	USA	100%	100%
Laurus Generics GmbH	Pharmaceutical and related services	Germany	100%	100%
Laurus Generics SA (Pty) Ltd (Refer note 4)	Pharmaceutical and related services	South Africa	100%	-

1) During the year ended March 31, 2021, Laurus Synthesis Inc. USA (100% wholly owned subsidiary of the Company) has been merged with Laurus Generics Inc. USA (Step-down subsidiary of the Company) with effect from September 30, 2020.

2) 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)

3) During the year ended March 31, 2021, the Company incorporated wholly owned subsidiary, Laurus Synthesis Private Limited (LSPL) in India.

4) During the year ended March 31, 2021, the Company acquired 100 % shares of Phekolong Pharmaceuticals Pty Ltd, (renamed as Laurus Generics SA (Pty) Ltd) a wholly owned subsidiary of Pharmacare Limited t/a Aspen Pharmacare, South Africa.

39. Business combination

Acquisitions/Merges during the year ended March 31, 2021:

A) Merger of Laurus Synthesis Inc. USA with Laurus Generics Inc. USA:

During the year ended March 31, 2021, Laurus Synthesis Inc. USA (100% wholly owned subsidiary of the Company) has been merged with Laurus Generics Inc. USA (Step-down subsidiary of the Company) with effect from September 30, 2020. The Company accounted for the business combination in accordance with the requirement of Appendix C of Ind AS 103 Business Combination which lays down the principles in respect of accounting for business combinations of entities or businesses under common control. As required by the standard, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts. There is no impact of this transaction on the consolidated financial statements. For 30,000 Equity shares of USD 100/- each of Laurus Synthesis Inc., 6,100 Equity shares of USD 100/- each of Laurus Generics Inc., have been allotted based on the share exchange ratio of 1:0.2033.

B) Acquisition of Phekolong Pharmaceuticals Pty Ltd, South Africa:

During the year ended March 31, 2021, the Company acquired 100 % shares of Phekolong Pharmaceuticals Pty Ltd, (renamed as Laurus Generics SA (Pty) Ltd) a wholly owned subsidiary of Pharmacare Limited t/a Aspen Pharmacare, South Africa, by way of cash consideration of ZAR 75,000. The Company recorded a Goodwill amount of ₹ 0.03 crores

C) Laurus Synthesis Private Limited acquired a bulk drug manufacturing unit from Phalanx Labs Private Limited:

During the current year ended March 31, 2021, the Company entered into a Business transfer agreement and acquired a bulk drug manufacturing unit from Phalanx Labs Private Limited, located at Visakhapatnam, on a slump sale basis for a lump sum consideration of ₹ 61 crores, w.e.f. June 01, 2020. The Company accounted for the business combination in accordance with the requirement of Ind AS 103 Business Combination which lays down the principles in respect of accounting for business combinations. Accordingly, assets acquired has been recorded at fair values (Property, plant and equipments ₹ 60 crores and other assets ₹ 1 crore).

D) Acquisition of stake in stake in Laurus Bio Private Limited (Formerly known as Richcore Lifesciences Private Limited):

During the current 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. for a consideration of C 246.67 crores. Laurus Bio became the subsidiary w.e.f. January 20,2021.

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

Business combinations are accounted for using the purchase (acquisition) method as per the provisions of Ind AS 103, Business Combinations. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed

Assets acquired and liabilities assumed

Fair value of identifiable assets acquired and liabilities assumed as on the date of acquisition is as below:

Component	Fair value as on acquisition date
Property, plant and equipment	16.76
Right-of-use assets	5.06
Intangible assets	0.15
Non-current assets	25.46
Current assets *	18.99
Total Assets (i)	**66.42**
Non-current liabilities	10.78
Current liabilities	**41.66**
Total Liabilities (ii)	**52.44**
Fair value of identifiable net assets (i-ii)	13.98
Goodwill	236.53
Less: Non-controlling interest	(3.84)
Total purchase price	246.67

* Includes cash and cash equivalents acquired ₹ 2.16 crores

The Company further acquired 6.66% stake on February 10, 2021 for a consideration of ₹ 13.77 crores. Accordingly an amount of ₹ 0.93 crores has been adjusted to non-controlling interest and balance amount of ₹ 12.84 crores has been adjusted to other equity. As at March 31, 2021 the Company holds 79.21% stake in Laurus Bio Private Limited.

40. 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 0.5 to 1.5.The Group includes within net debt, borrowings including interest accrued on borrowings, less cash and short-term deposits.

Particulars	March 31, 2021	March 31, 2020
Borrowings including interest accrued on borrowings (Note 13)	1,455.56	1,059.37
Less: cash and cash equivalents; other balances with banks (Note 10A and 10B)	(48.46)	(1.74)
Net debt	**1,407.10**	**1,057.63**
Equity	107.32	106.91
Other equity	2,490.23	1,662.86
Total Equity	**2,597.55**	**1,769.77**
Gearing ratio (Net debt/ Total equity)	0.54	0.60

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, 2021.

41. Modification of terms of bonus to Executive Directors

The Company in its Board Meeting held on April 29, 2021 recommended modification to the terms of bonus for three Executive Directors with effect from April 01, 2020, subject to the shareholders' approval. Accordingly, an additional provision of an amount of ₹ 7.48 crores has been recorded under Note 21 'Employee benefits expense' for the year ended March 31, 2021 (March 31, 2020 - ₹ nil).

42. 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

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

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-ofuse 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 recognised as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 44.85 Cr and a lease liability of ₹ 23.25 Cr. The cumulative effect of applying this standard resulted in ₹ 0.22 cr being debited to retained earnings (net of taxes).

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021 and March 31, 2020

Particulars	March 31, 2021	March 31, 2020
Balance as at April 1, 2020	42.89	-
Reclassification on adoption of Ind AS 116	-	44.86
Additions	9.46	-
Additions through business combination	5.06	
Depreciation	(2.25)	(1.97)
Closing Balance	**55.16**	**42.89**

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expense in the statement of profit and loss

The following is the movement in lease liabilities during the year ended March 31, 2021 and March 31, 2020

Particulars	March 31, 2021	March 31, 2020
Recognition on adoption of Ind AS 116 / Opening Balance	22.55	23.25
Additions	9.46	-
Additions through business combination (refer note no. 39)	5.06	-
Finance cost accrued during the year	2.09	1.86
Payment of lease liabilities	(10.67)	(2.56)
Closing Balance	**28.49**	22.55

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

The following is the break-up of current and non-current lease liabilities as at March 31, 2021 and March 31, 2020

Particulars	March 31, 2021	March 31, 2020
Non-current lease liabilities	26.27	20.56
Current lease liabilities	2.22	1.99
Total	**28.49**	22.55

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on discounted basis

Particulars	March 31, 2021	March 31, 2020
Within one year	2.22	1.99
After one year but not more than five years	6.85	5.24
More than five years	19.42	15.31

Operating and finance lease commitments - Group as lessor

The Group has entered into agreement to manufacture and supply intermediates produced at a dedicated block constructed exclusively for the lessee. The Group has identified assets under operating and finance lease based on the factors indicated as per Ind AS 116 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term. This lease term of assets under operating lease is upto 10 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

Particulars	March 31, 2021	March 31, 2020
Within one year	3.89	3.89
After one year but not more than five years	15.57	15.57
More than five years	56.10	59.99

Future minimum rentals receivable under non-cancellable finance leases are as follows:

Particulars	March 31, 2021	March 31, 2020
Within one year	14.03	16.32
After one year but not more than five years	21.10	48.70
More than five years	-	0.41

Particulars	March 31, 2021	March 31, 2020
In case of land taken on lease		
Lease payment recognised in the Statement of Profit and Loss	1.19	1.19
Minimum lease payments under non cancellable operating leases payable:		
Within one year	1.19	1.19
After one year but not more than five years	4.74	4.74
More than five years	26.25	26.25

B. Commitments

Particulars	March 31, 2021	March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for	434.11	149.85

C. Contingent Liabilities

Particulars	March 31, 2021	March 31, 2020
(i) Outstanding bank guarantees (excluding performance obligations)	51.98	44.50
(ii) Claims arising from disputes not acknowledged as debts - direct taxes	11.19	4.20
(iii) Claims arising from disputes not acknowledged as debts - indirect taxes	50.90	47.49
(iv) On account of provident fund liability	7.57	7.57

Notes to Financial Statements for the year ended March 31, 2021

(All amounts in Crore Rupees except for share data or as otherwise stated)

43. 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 net assets	Amount	As % of consolidated profit/ (loss)	Amount	As % of consolidated profit/ (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	March 31, 2021		March 31, 2020		March 31, 2021		March 31, 2020		March 31, 2021		March 31, 2020		March 31, 2021		March 31, 2020	
A. Parent	104.29%	2,712.24	103.10%	1,824.70	97.18%	956.11	104.61%	267.05	101.99%	5.12	99.28%	(9.62)	97.21%	961.23	105.55%	257.43
B. Subsidiary incorporated in India																
Sriam Labs Private Limited	0.97%	25.31	0.85%	15.09	1.05%	10.35	0.98%	2.50	-2.59%	(0.13)	0.66%	(0.06)	1.03%	10.22	1.00%	2.44
Laurus Synthesis Private Limited	-0.49%	(12.78)	-	-	-1.31%	(12.88)	-	-	0.00%	-	-	-	-1.30%	(12.88)	-	-
Laurus Bio Private Limited	0.54%	14.05	-	-	0.09%	0.84	-	-	0.60%	0.03	-	-	0.09%	0.87	-	-
C. Subsidiary incorporated outside India																
Laurus Synthesis Inc.	-	-	-0.70%	(12.45)	1.31%	12.92	-0.92%	(2.35)	-	-	-	-	1.31%	12.92	-0.96%	(2.35)
Laurus Holdings Limited	0.29%	7.58	-0.66%	(11.66)	1.83%	18.00	-4.66%	(11.88)	-	-	-	-	1.82%	18.00	-4.87%	(11.88)
Laurus Generics SA (Pty) Limited	0.00%	(0.02)			0.00%	(0.02)	-	-					0.00%	(0.02)	-	-
Total	**105.60%**	**2,746.37**	**102.59%**	**1,815.67**	**100.15%**	**985.32**	**100.02%**	**255.32**	**99.99%**	**5.02**	**100.00%**	**(9.69)**	**100.15%**	**990.34**	**100.71%**	**245.63**
Non-controlling interest	0.12%	3.15	-	-	0.02%	0.24	-	-	-	-	-	-		0.24	-	-
Consolidation adjustments	-5.60%	(148.82)	-2.59%	(45.90)	-0.15%	(1.74)	-0.02%	(0.05)	0.01%	-	0.00%	0.00	-0.15%	(1.75)	-0.71%	(1.74)
Net amount	**100.00%**	**2,600.70**	**100.00%**	**1,769.77**	**100.00%**	**983.82**	**100.00%**	**255.27**	**100.00%**	**5.02**	**100.00%**	**(9.69)**	**100.00%**	**988.83**	**100.00%**	**243.90**

* Net assets means total assets minus total liabilities excluding shareholders funds.

Note:

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impact on elimination of inter-company transactions/profits/consolidation adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under requirements of the Companies Act, 2013.

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

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

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

Place: Hyderabad
Date: April 29, 2021

Mr. G. Venkateswar Reddy
Company Secretary

Laurus Labs Limited

Regd. Office: Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531 021
Corp. Office: 2nd Floor, Serene Chambers, Road No.7, Banjara Hills, Hyderabad – 500 034
CIN No: L24239AP2005PLC047518

NOTICE

Notice is hereby given that the 16th 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 Thursday the July 15, 2021,** 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, 2021, 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, 2021 and report of Auditors thereon.

3. To approve and ratify the 1st interim dividend on equity shares @ ₹ 0.80 already paid for FY21.

4. To approve and ratify the 2nd interim dividend on equity shares @ ₹ 0.40 already paid for FY21.

5. To approve and ratify the 3rd interim dividend on equity shares @ ₹ 0.80 for the FY21.

6. To appoint a Director in place of Dr. Satyanarayana Chava (DIN 00211921) who retires by rotation and, being eligible, offers himself, for re-appointment.

7. To appoint a Director in place of Dr. Lakshmana Rao C V (DIN 06885453) who retires by rotation and, being eligible, offers himself, for re-appointment.

SPECIAL BUSINESS:

8. TO APPROVE THE REMUNERATION PAYABLE TO COST AUDITORS FOR THE FINANCIAL YEAR ENDING 2021-22

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 FY22, 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 authorised to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

9. MODIFICATION OF TERMS OF BONUS IN EMPLOYMENT CONTRAT OF DR. SATYANARAYANA CHAVA (DIN 00211921), EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER OF THE COMPANY

To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

"RESOLVED THAT pursuant to Section 196, 197 and Schedule V and all other applicable provisions, rules, schedules of the Companies Act 2013 the terms of employment with respect to payment of Bonus to Dr. Satyanarayana Chava, having Director Identification Number 00211921, Executive Director & Chief Executive Officer of the Company be and are hereby modified as follows with effect from April 1, 2020 :

Annual Bonus:

(i) The Company shall pay the Executive Director & Chief Executive Officer a bonus of such amount as may be determined in accordance with (ii) below, based upon achievement of performance criteria in respect of each completed financial year with effect from April 1, 2020 for the remainder period of his employment:

(ii) For every financial year, the Chief Executive Officer shall be eligible to receive a bonus (which shall be paid immediately upon the Board approving the audited accounts of the Company for the corresponding financial year) based upon the Company's achievement of the consolidated EBITDA projection for such financial year (on the basis that the consolidated non-interest financial charges are deducted while calculating the consolidated EBITDA and any EBITDA from acquisitions during the year be excluded, if it is so included in the consolidated EBITDA) (**"Target"**) in the following manner:

(A) Less than 75 % of the Target = zero bonus;

(B) 75 % or more of the Target = bonus equal to the percentage of the Target achieved multiplied by the Annual Salary (as increased on a yearly basis)

"RESOLVED FURTHER THAT the other terms and conditions of his existing employment agreement will remain unchanged"

"RESOLVED FURTHER THAT Mr. V. V. Ravi Kumar Executive Director of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company, be and are hereby severally authorised to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to the revision in terms of Bonus of Chief Executive Officer of the Company, including but not limited to, issuance of letter(s) of revised terms of Bonus, making necessary entries in the statutory registers of the Company, filing necessary forms and documents with the jurisdictional Registrar of Companies and all other necessary and incidental acts in this regard."

10. 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

To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

"RESOLVED THAT pursuant to Section 196, 197 and Schedule V and all other applicable provisions, rules, schedules of the Companies Act 2013 the terms of employment with respect to payment of Bonus to Mr. V. V. Ravi Kumar, having Director Identification Number 01424180, Executive Director and Chief Financial Officer of the Company be and are hereby modified as follows with effect from April 1, 2020:

Annual Bonus:

(i) The Company shall pay the Executive Director & Chief Financial Officer a bonus of such amount as may be determined in accordance with (ii) below, based upon achievement of performance criteria in respect of each completed financial year with effect from April 1, 2020 for the remainder period of his employment:

(ii) For every financial year, the Executive Director & Chief Financial Officer shall be eligible to receive a bonus (which shall be paid immediately upon the Board approving the audited accounts of the Company for the corresponding financial year) based upon the Company's achievement of the consolidated EBITDA projection for such financial year (on the basis that the consolidated non-interest financial charges are deducted while calculating the consolidated EBITDA and any EBITDA from acquisitions during the year be excluded, if it is so included in the consolidated EBITDA) (**"Target"**) in the following manner:

(A) Less than 75% of the Target = zero bonus;

(B) 75% or more of the Target = bonus equal to the percentage of the Target achieved multiplied by the Annual Salary (as increased on a yearly basis)

"RESOLVED FURTHER THAT the other terms and conditions of his existing employment agreement will remain unchanged"

"RESOLVED FURTHER THAT Dr. Satyanarayana Chava, Executive Director & CEO of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company, be and are hereby severally authorised to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to the revision in terms of Bonus of Chief Financial Officer of the Company, including but not limited to, issuance of letter(s) of revised terms of Bonus, making necessary entries in the statutory registers of the Company, filing necessary forms and documents with the jurisdictional Registrar of Companies and all other necessary and incidental acts in this regard."

11. MODIFICATION OF TERMS OF BONUS IN EMPLOYMENT CONTRAT OF DR. LAKSHMANA RAO C V, (DIN 06885453), WHOLE-TIME DIRECTOR OF THE COMPANY:

To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

"RESOLVED THAT pursuant to Section 196, 197 and Schedule V and all other applicable provisions, rules, schedules of the Companies Act 2013 the terms of employment with respect to payment of Bonus to Dr. Lakshmana Rao C V, having Director Identification Number 06885453, Whole-time Director of the Company be and are hereby modified as follows with effect from April 1, 2020 :

Annual Bonus:

(i) The Company shall pay the Whole-time Director a bonus of such amount as may be determined in accordance with (ii) below, based upon achievement of performance criteria in respect of each completed financial year with effect from 1st April 2020 for the remainder period of his employment:

(ii) For every financial year, the Whole-time Director shall be eligible to receive a bonus (which shall be paid immediately upon the Board approving the audited accounts of the Company for the corresponding financial year) based upon the Company's achievement of the consolidated EBITDA projection for such financial year (on the basis that the consolidated non-interest financial charges are deducted while calculating the consolidated EBITDA and any EBITDA from acquisitions during the year be excluded, if it is so included in the consolidated EBITDA) (**"Target"**) in the following manner:

(A) Less than 75% of the Target = zero bonus;

(B) 75% or more of the Target = bonus equal to the percentage of the Target achieved multiplied by the Annual Salary (as increased on a yearly basis),

"RESOLVED FURTHER THAT the other terms and conditions of his existing employment agreement will remain unchanged"

"RESOLVED FURTHER THAT Mr. V. V. Ravi Kumar, Executive Director & CFO of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company, be and are hereby severally authorised to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to the revision in terms of Bonus of Whole-time Director of the Company, including but not limited to, issuance of letter(s) of revised terms of Bonus, making necessary entries in the statutory registers of the Company, filing necessary forms and documents with the jurisdictional Registrar of Companies and all other necessary and incidental acts in this regard."

12. REAPPOINTMENT OF MRS. ARUNA BHINGE AS INDEPENDENT DIRECTOR

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT in terms of Section149 read with Schedule IV of the Companies Act, 2013 together with applicable rules and provisions made thereunder and pursuant to SEBI (LODR) Regulations, 2015 and in terms of Articles of Association of the Company, consent of the Members of the Company be and is hereby accorded for re-appointment of Mrs. Aruna Bhinge having Director Identification Number 07474950, as Independent Director of the Company for a further period of 5 years with effect from July 7, 2021 i.e up to July 6, 2026"

"RESOLVED FURTHER THAT Dr. Satyanarayana Chava, Executive Director & CEO of the Company, and Mr. V. V. Ravi Kumar, Executive Director & CFO of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company be and are hereby severally authorised to do all the needful activities in this regard including any filings with the Registrar of Companies, Andhra Pradesh"

13. REAPPOINTMENT OF DR. RAJESH KOSHY CHANDY AS INDEPENDENT DIRECTOR

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT in terms of Section.149 read with Schedule IV of the Companies Act, 2013 together with applicable rules and provisions made thereunder and pursuant to SEBI (LODR) Regulations, 2015 and in terms of Articles of Association of the Company, consent of the Members of the Company be and is hereby accorded for re-appointment of Dr. Rajesh Chandy having Director Identification Number 07575240, as Independent Director of the Company for a further period of 5 years with effect from July 27, 2021 i.e. up to July 26, 2026"

"RESOLVED FURTHER THAT Dr. Satyanarayana Chava, Executive Director & CEO of the Company, and Mr. V. V. Ravi Kumar, Executive Director & CFO of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company be and are hereby severally authorised to do all the needful activities in this regard including any filings with the Registrar of Companies, Andhra Pradesh"

14. APPROVAL OF LAURUS LABS EMPLOYEES STOCK OPTION SCHEME 2021

To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act 2013, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the "SBEB Regulations") (including any statutory modification(s) or re-enactment of the Act or the SBEB Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including Nomination and Remuneration Committee, which may exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in the employment of the Company, including Directors of the Company whether whole time or otherwise whether working in India or out of India, under a Scheme titled "LAURUS LABS EMPLOYEES STOCK OPTION SCHEME 2021" (hereinafter referred as the "ESOP Scheme, 2021" or "Scheme"), options exercisable into equity shares being not more than 1,000,000 (One Million only) equity shares of ₹ 2 each of the Company at an exercise price of 25 % discount on the Fair Market Value of Share on the date of Grant of Options under ESOP Scheme 2021, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board/Committee in accordance with the provisions of the Companies Act 2013 or SBEB Regulations or other provisions of the laws as may be prevailing and applicable at that time, each option granted being exercisable for one equity share of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot Equity shares upon exercise of such options from time to time in accordance with ESOP Scheme, 2021 and such equity shares shall rank pari passu in all respects with the existing Equity Shares of the Company."

"RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issues, stock split, merger and sale of division and others, if any additional stock options are issued by the Board to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 1,000,000 stock options shall be deemed to be increased/adjusted to the extent of such additional options issued"

"RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment of equity shares, the Board/Committee be and is hereby authorised on behalf of the Company, to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations, or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

15. APPROVAL FOR GRANT OF OPTIONS UNDER LAURUS LABS ESOP SCHEME 2021 (ESOP SCHEME 2021) TO THE ELIGIBLE EMPLOYEES OF THE SUBSIDIARY COMPANIES

To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act 2013, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based

Employee Benefits) Regulations, 2014 (the "SBEB Regulations") (including any statutory modification(s) or re-enactment of the Act or the SBEB Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including Nomination and Remuneration Committee, which may exercise its powers, including the powers conferred by this resolution), consent of the Members of the Company be and is hereby accorded to the Board to create, offer and grant such number of employee stock options as may be decided by the Board within the overall limit of number of Stock Options under Laurus Labs Employees Stock Option Scheme, 2021 ("ESOP Scheme 2021") to the present and / or future permanent employees of the subsidiary companies of the Company working in India or abroad and / or directors (including whole-time directors) of the subsidiary companies of the Company in India or aboard and any other individuals / entities as allowed under applicable rules, regulations, guidelines and laws (hereinafter referred to as "employees" or "said employees") as per the terms and conditions of ESOP Scheme 2021 and as may from time to time be allowed under prevailing laws, rules and regulations, and/ or amendments thereto from time to time, on such terms and conditions as may be decided by the board."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot equity shares upon exercise of stock options, from time to time, granted under ESOP Scheme 2021 and such equity shares allotted shall in all respects rank pari passu inter-se and with the then existing equity shares of the Company;"

"RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issues, stock split, merger and sale of division and others, if any additional stock options are issued by the Board to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the ceiling of stock options under ESOP 2021 shall be deemed to be increased/adjusted to the extent of such additional options issued"

"RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment of equity shares, the Board/Committee be and is hereby authorised on behalf of the Company, to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations, or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

16. ALTERATION OF CLAUSES OF ARTICLES OF ASSOCIATION OF THE COMPANY

To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of the Sections 5 and 14 of the Companies Act, 2013 and rules made thereunder, the consent of the Shareholders of the Company be and is hereby accorded for removal of the following clause from the Articles of Association of the Company:

49A. *Bluewater Investment Ltd., will have right to nominate 1 (one) director on the Board of the Company until such time Bluewater Investment Ltd continues to hold 15% (fifteen percent) of the fully diluted share capital of the Company.*

RESOLVED FURTHER THAT Dr. Satyanarayana Chava, Executive Director and CEO, Mr. V. V. Ravi Kumar, Executive Director and CFO and Mr. G. Venkateswar Reddy, Company Secretary of the Company be and are hereby severally authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to do all such acts, deeds, matters, and things and to give such directions as may be necessary or expedient or incidental for the purpose of giving effect to this Resolution."

By order of the Board
Laurus Labs Limited

Sd/-
G. Venkateswar Reddy
Company Secretary

Regd. Office:
Plot No.21,
Jawaharlal Nehru Pharma City,
Parawada,
Visakhapatnam – 531 021
E-mail:secretarial@lauruslabs.com

Place: Hyderabad
Date: April 29, 2021

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. 6,7,12 & 13) 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 view of the prevailing lock down situation across the country due to outbreak of the COVID-19 pandemic and restrictions on the movements apart from social distancing, MCA (Ministry of Corporate Affairs) vide circular Nos. Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 read with Circular No. 20/2020 dated May 05, 2020, allowed companies to hold their AGM through Video Conferencing (VC) for the calendar year 2020 and also the Ministry of Corporate Affairs, Government of India vide its General Circular No.02/2021 dated 13th January 2021 allowed the companies to conduct their Annual General Meetings on or before 31st December 2021 through video conferencing (VC) or other Audio Visual Means (OAVMs) in accordance with the requirements in paragraphs 3 and 4 of the General Circular No.20/2020.

4. Accordingly, in compliance with the applicable provisions of the Companies Act, 2013 read with the aforesaid circulars issued by MCA, the 16th Annual General Meeting of the Company shall be conducted through Video Conferencing (VC) to be referred to as "e-AGM".

5. The Company has appointed M/s. National Securities Depository Limited (NSDL) to provide Video Conferencing facility for the e-AGM

6. 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.

7. The Register of Members and Share Transfer Books of the Company will remain closed from July 9, 2021 to July 15, 2021 (both days inclusive) for the purpose of Annual General Meeting.

8. 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.

9. 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 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.

10. 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 July 9, 2020 (date of last AGM) on its website at www.lauruslabs.com and also on the website of the Ministry of Corporate Affairs.

11. The Notice calling the e-AGM has been uploaded on the website of the Company at 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 and www.nseindia.com respectively.

12. 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.

13. Up to 1000 members will be able to join on a First Come First Serve basis to the e-AGM.

14. 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.

15. 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.

16. **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).

17. 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).

18. 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 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.

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. 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 16th 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 12, 2021 at 09:00 A.M. and ends on July 14, 2021 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.	(i) Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com 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 **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. (ii) If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp (iii) 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 (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 **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 & voting during the meeting. (iv) Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL	1. 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 https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL**. Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	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 & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com 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?

1. 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.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.

3. 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 user 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.

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on 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 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 authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to yravifcs@gmail.com with a copy marked to 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 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 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

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 and 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 and 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 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 scrutiniser to scrutinise 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 09, 2021.

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. July 09, 2021 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.

19. The Scrutiniser, after scrutinising 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 Scrutiniser's Report and submit the same to the Chairman. The results declared along with the consolidated scrutiniser's report shall be placed on the website of the Company at 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.8:

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 2022.

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.8 of the Notice for approval of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2022.

The Board recommends the resolution set forth in the Item No. 8 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.9 to 11:

Dr. Satyanarayana Chava, Executive Director & CEO of the Company and Mr. V. V. Ravi Kumar, Executive Director & CFO of the Company have been appointed in their respective positions for a period of 5 years with effect from April 1, 2020 by the members in the 15th Annual General Meeting held on July 9, 2020. Further, Dr. Lakshmana Rao C V has been appointed as Whole-time Director of the Company for a period of 5 years with effect from March 8, 2018 by the members in the 13th Annual General Meeting held on July 5, 2018.

The Annual Bonus clause in respect of Dr. Satyanarayana Chava presently is as follows:

Annual Bonus:

(i) The Company shall pay the Executive Director a bonus of such amount as may be determined in accordance with (ii) below, based upon achievement of performance criteria in respect of each completed financial year with effect from April 1, 2020.

(ii) For every financial year, the Executive Director shall be eligible to receive a bonus (which shall be paid immediately upon the Board approving the audited financial statements of the Company for the corresponding financial year) based upon the Company's achievement of the consolidated EBITDA projection for a financial year (on the basis that the consolidated non-interest financial charges are deducted while calculating the consolidated EBITDA and any EBITDA from acquisitions during the year be excluded, if it is so included in the consolidated EBITDA) (**"Target"**) in the following manner:

(A) Less than 75% of the Target = zero bonus;

(B) 75% or more of the Target = bonus equal to the percentage of the Target achieved multiplied by the Annual Salary (as increased on a yearly basis), provided that the amount of bonus paid pursuant to this clause will not exceed 120% of the Annual Salary.

The Annual Bonus clause in respect of Mr. V. V. Ravi Kumar and Dr. Lakshmana Rao C V is presently as follows:

Annual Bonus:

(i) The Company shall pay the Executive Director a bonus of such amount as may be determined in accordance with (ii) below, based upon achievement of performance criteria in respect of each completed financial year with effect from April 1, 2020.

(ii) For every financial year, the Executive Director shall be eligible to receive a bonus (which shall be paid immediately upon the Board approving the audited accounts of the Company for the corresponding financial year) based upon the Company's achievement of the consolidated EBITDA projection for a financial year (on the basis that the consolidated non-interest financial charges are deducted while calculating the consolidated EBITDA and any EBITDA from acquisitions during the year be excluded, if it is so included in the consolidated EBITDA) (**"Target"**) in the following manner:

(A) Less than 75% of the Target = zero bonus;

(B) 75% or more of the Target = bonus equal to the percentage of the Target achieved multiplied by the 50% of Annual Salary (as increased on a yearly basis), provided that the amount of bonus paid pursuant to this clause will not exceed 60% of the Annual Salary.

It may be noted that in respect of other senior employees who are entitled for Bonus there is no upper and lower ceilings on the Bonus and they are entitled for Bonus in proportion with the performance achieved by the Company.

It is now being proposed to remove the upper ceiling of 120% of the Annual Salary as Bonus to Dr. Satyanarayana Chava and to remove ceiling of 60% of the Annual Salary as Bonus to Mr. V. V. Ravi Kumar and Dr. Lakshmana Rao C V with effect from April 1, 2020 in line with the Bonus policy applicable to all other senior employees of the Company so that these executive directors will also be entitled to get the Annual Bonus in proportion with the performance achieved by the Company. However, the lower ceiling of achieving of minimum 75% of the Target would continue to apply for all these three executive directors. The Nomination and Remuneration Committee and the Board of Directors have recommended these resolutions for the approvals of the shareholders.

It may be noted that the Company can only pay upto a maximum of 10% of its Profits (Profit Before Tax (PBT)) as remuneration to the Directors. In this regard, the remuneration being paid to the Company's Directors is less than 3.5% of PBT of the Company, even after removing the upper ceiling limits and is well within the range with other peer companies such as Divis Laboratories, Granules etc.

Except Dr. Satyanarayana Chava, CEO of the Company, Mr. V. V. Ravi Kumar, Executive Director and Dr. Lakshmana Rao C V and their respective relatives (who are concerned or interested with their respective resolutions), none of the Directors, managers and key managerial personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolutions set out in Item Nos. 9 to 11.

Item No.12: Re-appointment of Mrs. Aruna Bhinge as independent director

Mrs. Aruna Bhinge was appointed as a Non-Executive Independent Director on the Board of the Company by the Members of the Company with effect from July 7, 2016.

Mrs. Bhinge has more than 35 years of experience, with leadership positions in business strategy, marketing, sales, projects & partnerships in the healthcare and agribusiness sectors. She had retired from Syngenta, a global agribusiness major, and driven their sustainable smallholder agriculture & food security initiatives in South Asia. Presently, she is on the Board of few other companies as Independent Director.

In terms of Section 149, 152 and 161 read with Schedule IV and other applicable provisions of the Companies Act, 2013, and the rules and regulations issued thereunder, each as amended, (the "Companies Act") Mrs. Bhinge being eligible is proposed to be reappointed as an independent director for a further period of 5 consecutive years from July 7, 2021 to July 6, 2026. In the opinion of the Board, Mrs. Bhinge fulfils the conditions specified in the Companies Act for her appointment as an independent director of the Company and is independent of the management.

The Board recommends the resolution in relation to reappointment of Mrs. Aruna Bhinge as an Independent Director, for the approval by the shareholders of the Company.

Except Mrs. Aruna Bhinge, being an appointee, none of the Directors, managers and key managerial personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 12.

Item No: 13 Re-appointment of Dr. Rajesh Koshy Chandy as independent director

Dr. Rajesh Chandy was appointed as a Non-Executive Independent Director on the Board of the Company by the Shareholders of the Company with effect from July 27, 2016.

Dr. Rajesh Chandy holds the Tony and Maureen Wheeler Chair in Entrepreneurship and is a Professor of Marketing at London Business School. Chandy's areas of expertise include innovation, entrepreneurship, emerging markets, and marketing strategy. During 2006-2008, he served as a member of the US Secretary of Commerce Advisory Committee on Measuring Innovation in the 21st Century Economy. Dr. Chandy has received several awards for his research and teaching, and he has served on the editorial boards of several leading academic journals. Fortune magazine described Chandy's findings on innovation as "an unorthodox and bracing set of management principles," and the Academy of Management Perspectives called it "groundbreaking," and "invaluable". Chandy received his PhD in Business Administration in 1996 from the University of Southern California.

In terms of Section 149, 152 and 161 read with Schedule IV and other applicable provisions of the Companies Act, 2013, and the rules and regulations issued thereunder, each as amended, (the "Companies Act") Dr. Rajesh Chandy being eligible is proposed to be reappointed as an independent director for a further period of 5 consecutive years from July 27 2021 to July 26, 2026. In the opinion of the Board, Dr. Rajesh Chandy fulfils the conditions specified in the Companies Act for his reappointment as an independent director of the Company and is independent of the management.

The Board recommends the resolution in relation to reappointment of Dr. Rajesh Chandy as an Independent Director, for the approval by the shareholders of the Company.

Except Dr. Rajesh Chandy, being an appointee, none of the Directors, managers and key managerial personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 13.

Item No: 14. Approval of Laurus Labs Employees Stock Option Scheme, 2021

Presently, the Company is implementing ESOP Scheme 2016 and 2018, under each Scheme the shareholders have approved 3,00,000 equity shares of ₹ 10/- each which are almost exhausting very soon.

The Company has more than 4,000 employees and most of them have joined last two to three years. In order to attract and retain the talented employees, ESOP Scheme is considered to be one of the best tools.

To achieve the above objectives, the Board of Directors in their Meeting held on April 29, 2021 had resolved to initiate a new ESOP Scheme in addition to the ESOP 2016 and ESOP 2018 Schemes and similar to these Schemes, to be known as Laurus Labs Employees Stock Option Scheme, 2021 (ESOP 2021 Scheme). Under the proposed ESOP 2021 Scheme, it was proposed to issue 1,000,000 (One Millions only) stock options to the eligible employees at an exercise price of a 25% discounted price over the Fair Market Value of the share of the Company at the time of granting options. The ESOP 2021 Scheme shall be implemented and administered directly by the Company and the Company shall conform to the accounting policies specified in Regulation 15 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Disclosures as required under Regulation 6(2) of SEBI (SBEB) Regulations, 2014 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 :

(a) Brief description of the scheme(s):

Under the proposed ESOP 2021 Scheme, it was proposed to issue 1,000,000 (One Million only) stock options to the eligible employees at an exercise price of a 25% discount over the Fair Market Value of the share of the Company at the time of granting of options.

(b) The total number of options, SARs, shares or benefits, as the case may be, to be granted : 1,000,000 options

(c) Identification of classes of employees entitled to participate and be beneficiaries in the ESOP Scheme :

Employees, who have been identified by the Nomination and Remuneration Committee, shall be entitled to participate in the Scheme ("Eligible Employees"). The criteria for determining the eligibility of an Employee to receive Options may be prescribed and/or revised from time to time at the discretion of the Committee.

"Employee" means A permanent and full-time employee who is on the payroll of the Company and that of its Subsidiaries, whether working in or outside India; and a non-executive Director, whether located in or outside India;

but excludes: (a) an executive director/chief executive officer; (b) Directors or employees who are the Promoters of the Company or belong to the Promoter Group; (c) Directors, who either themselves or through a Relative or body corporate directly or indirectly hold more than 1% of the outstanding shares of the Company; and (d) employees who have resigned from their employment with the Company or the Subsidiaries (as the case may be) as of the Effective Date. Independent Directors at present are not eligible for ESOPs under the existing legal regime but in future if the law is amended and the independent directors are eligible for ESOPs, then they shall be entitled to get ESOPs subject to the decision of the Nomination and Remuneration Committee/Board of Directors of the Company in this regard.

(d) The requirements of vesting and period of vesting:

Options granted shall vest so long as a Participant continues to be in the employment of the Company as on the date of Vesting. Subject to the SEBI (SBEB) Regulations, Vesting of Options granted under the Scheme shall be as follows:

Percentage of Options vested	Date of Vesting
25%	Two years from the date of Grant
25%	Three years from the date of Grant
25%	Four years from the date of Grant
25%	Five years from the date of Grant

(e) The maximum period (subject to regulation 18(1) and 24(1) of the regulations, as the case may be)) within which the options/ SARs/benefit shall be vested: 5 years

(f) The Exercise Price, SAR price, purchase price or pricing formula for arriving at the same:

25% less than the Fair Market Value of share as on the date of Grant, as decided by the Board and/or the Committee in accordance with the accounting policies specified under Regulation 15 of the SEBI (SBEB) Regulations.

(g) The exercise period and process of exercise:

Subject to a Participant's continued employment with the relevant member of the Group, the Vested Options under this Scheme shall be exercised any time on or after the date of Vesting but on or before the expiry of one year from the date of vesting. Such Exercise may be of all Vested Options or part of the Vested Options.

Exercise of Vested Options shall take place at the time and place designated by the Committee and shall be by executing such documents as may be required under Applicable Laws to issue the relevant Shares to the Participants, in accordance with the Memorandum and Articles of Association and Applicable Laws.

A Vested Option shall be deemed to be exercised only when the Committee receives a written notice of Exercise and the payment of Exercise Price in accordance with this Scheme from a Participant entitled to Exercise the Vested Option.

(h) The appraisal process for determining the eligibility of employees to the ESOP Scheme: To be decided by the Nomination and Remuneration Committee

(i) Maximum no. of options, SARs, Shares, as the case may be, to be issued per employee and in aggregate:

Per employee - As may be decided by the Committee; In aggregate – 1,000,000

(j) Maximum quantum of benefits to be provided per employee under the scheme:

As may be decided by the Committee

(k) Whether the scheme(s) is to be implemented and administered directly by the company or through a trust: Directly by the Company

(l) Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both: New issue of shares by the Company

(m) The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilisation, repayment terms, etc.:

Not applicable since the Company implements the scheme directly

(n) Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s):

Not applicable since the Company implements the scheme directly

(o) A statement to the effect that the company shall conform to the accounting policies specified in regulation 15:

The company shall conform to the accounting policies specified in regulation 15

(p) The method which the company shall use to value its options: Fair Value Method

(q) The following statement, if applicable: 'In case the company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report :

Not applicable

A copy of the Scheme is available at the Corporate Office of the Company for inspection by the members.

The Board of Directors of your Company recommends this resolution as set out under item no.14 for your approval.

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, except to the extent of their entitlement for ESOPs, if they are entitled for the same, as per the terms and conditions of ESOP Scheme, 2021.

Item No.15: Approval for Grant of options under Laurus ESOP Scheme 2021 (ESOP Scheme 2021) to the eligible employees of the Subsidiary companies

The Members are aware that the Company has introduced earlier ESOP 2016 and ESOP 2018 to reward its employees for their continuous hard work, dedication and support, which has led the Company on the growth path. In the process of growth path, the Company has established several subsidiary companies and the Company proposes to extend the benefits of ESOPs to the employees of these Subsidiary companies as well, under ESOP Scheme, 2021.

SEBI (SBEB) Regulations, 2014 require separate approval of members by way of special resolution to grant stock options to the employees of subsidiary companies.

Accordingly, a separate resolution under item no.15 is proposed to extend the benefits of the ESOP Scheme 2021 to the employees of subsidiary companies, existing or future, as may be decided by the Nomination and Remuneration Committee from time to time under Applicable Laws.

Disclosures as required under Reg.6(2) of SEBI (SBEB) Regulations, 2014 and other details as provided in item 14 above may be construed and read as part of this item no.15 also.

A copy of the Scheme is available at the Corporate Office of the Company for inspection by the members.

The Board of Directors of your Company recommends this resolution as set out under item no.15 for your approval as a Special Resolution.

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, except to the extent of their entitlement for ESOPs, if they are entitled for the same, as per the terms and conditions of ESOP Scheme, 2021.

Item No. 16: Alteration of clauses of Articles of Association of the Company

The Members may be aware that in the year 2014 Bluewater Investments Ltd., a Private Equity Investor has invested in the Company i.e, before the Company went into IPO and there was Nominee Director on the board of the Company from Bluewater Investment and upon listing of the shares of the Company on Stock Exchanges, Bluewater Investment Ltd. was given a right to appoint one nominee director on the Board until they hold 15% of the shares of the Company and to this extent Articles of Association of the Company was amended to include this right into the Articles of Association. The concerned clause is as follows:

49A. *Bluewater Investment Ltd., will have right to nominate 1 (one) director on the Board of the Company until such time Bluewater Investment Ltd continues to hold 15% (fifteen percent) of the fully diluted share capital of the Company.*

Accordingly, Mr. Narendra Ostawal was holding Directorship in the Company as a Nominee Director on behalf Bluewater Investments.

The members may further note that Bluewater Investments had sold their entire shares of the Company in June 2020 and ceased to be the Shareholder of the Company. Hence, Mr. Narendra Ostawal, had also resigned from the Company upon sale of shares by Bluewater Investments. Therefore, the clause 49A of Articles of Association of the Company got no significance now. Hence, it is proposed to remove the clause 49A from the Articles of Association of the Company by altering the Articles, subject to the approval of the Shareholders.

Accordingly, the Board of Directors of your Company recommends this resolution as set out under item no.16 for your approval as a Special Resolution.

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

Sd/-
G. Venkateswar Reddy
Company Secretary

Regd. Office:
Plot No.21,
Jawaharlal Nehru Pharma City,
Parawada,
Visakhapatnam – 531 021
E-mail:secretarial@laurusla bs.com

Place: Hyderabad
Date: April 29, 2021

Annexure

Details of Directors seeking appointment/re-appointment at the 16th Annual General Meeting of the Company to be held on July 15, 2021 [Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of the Director	Dr. Satyanarayana Chava	Dr. Lakshmana Rao C V	Mrs. Aruna Bhinge	Dr. Rajesh Chandy
Date of Birth	10-03-1961	01-08-1962	09-09-1957	02-10-1969
Age	60 Years	58 Years	63 Years	51 Years
Date of Appointment	21-01-2006	08-03-2018	07-07-2016	27-07-2016
Relationship with Directors and Key Managerial Personnel	Father-in-Law of Mr. Chandrakanth Chereddi	No Relationship	No Relationship	No Relationship
Expertise in specific functional area*	Pharmaceuticals	Pharmaceuticals	Strategy	Strategy, Marketing
Qualifications	M.Sc., PhD	M.Sc., PhD	M.Sc.	PhD
Board Membership of other listed companies as on March 31, 2021	NIL	NIL	- Punjab Chemicals and CropProtection Limited - Mahindra EPC Irrigation Limited	NIL
a. Audit Committee			Laurus Labs Ltd. – Member	Laurus Labs Ltd. - Member
b. Stakeholders Relationship Committee				
c. Nomination and Remuneration Committee				Laurus Labs Ltd. - Member
d. CSR Committee			Laurus Labs Ltd. – Member	
e. Other Committees	Risk Management Committee – Chairman	Risk Management Committee – Member		Laurus Labs Risk Management Committee – Member
Number of equity shares held in the Company as on March 31, 2021	88994020	13850145	17500	---

* For additional details on skills, expertise, knowledge and competencies of Directors, please refer to Corporate Governance Report forming part of the Annual Report

Notes:

1. The Directorship, Committee Memberships and Chairmanships do not include positions in foreign companies, unlisted companies and private companies, position as an advisory board member and position in companies under Section 8 of the Companies Act, 2013

2. 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 2020-21 have been provided in the Corporate Governance Report forming part of the Annual Report.

Corporate Information

Directors

Dr. M. Venu Gopala Rao
Dr. Satyanarayana Chava
Mr. V. V. Ravi Kumar
Dr. Lakshmana Rao C V
Mr. Chandrakanth Chereddi
Mrs. Aruna Bhinge
Dr. Rajesh Koshy Chandy
Dr. Ravindranath Kancherla

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
ICICI Bank Limited
Bank of Bahrain & Kuwait B.S.C.
CITI Bank NA
HDFC Bank Limited
Hongkong and Shanghai Banking Corporation (HSBC)
RBL Bank Limited
Axis Bank Limited
MUFG Bank Limited
DBS Bank India Limited

Registered Office and Unit 01

Drug Substance Facility

Plot No.21
Jawaharlal Nehru Pharma City,
Parawada
Visakhapatnam – 531 021,
Andhra Pradesh, India

Unit 02

Integrated Facility
Plot Nos. 19, 20 & 21
Gurjapalem, APSEZ
Atchutapuram
Visakhapatnam – 531 011,
Andhra Pradesh, India

Unit 03

Drug Substance Facility
Plot No.18
Jawaharlal Nehru Pharma City,
Parawada
Visakhapatnam – 531 021,
Andhra Pradesh, India

Unit 04

Drug Substance Facility
Plot No.25, Lalamkoduru
Atchutapuram
Visakhapatnam – 531 011,
Andhra Pradesh, India

Unit 05

Drug Substance Facility
Plot Nos.102 & 103, SEZ
Lemarthi, Parawada
Visakhapatnam – 531021,
Andhra Pradesh, India

Unit 06

Drug Substance Facility
Plot No.22, D&E, APSEZ de-notified area
Atchutapuram, Rambilli Mandal
Visakhapatnam – 531 011,
Andhra Pradesh, India

Research & Development Centre

Plot No.DS1 & DS2
IKP Knowledge Park
Turkapally, Shameerpet
Hyderabad – 560 066,
Telangana, India

Subsidiaries

Laurus Bio Private Limited
Plot No-204 & 237,
Bommasandra-Jigani Link Road,
KIADB Industrial Area,
Bangalore-560105
Karnataka, India

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 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

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