



INDEPENDENT AUDITOR'S REPORT

To
The Members of Laurus Synthesis Private Limited
Report on the Audit of the IND AS Financial Statements

Opinion

We have audited the accompanying financial statements of **Laurus Synthesis Private Limited** ("the Company"), which comprise the Balance Sheet as on March 31, 2022 and the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including 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 financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 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 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 financial statements.

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 Directors report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

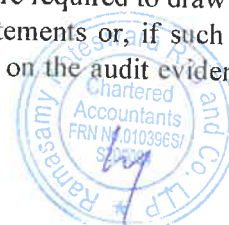
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197 of the Act, as amended:

In our opinion and based upon the audit procedures performed and the information and explanation given by the management, the provisions of section 197 read with Schedule V to the companies Act is complied by the company.



CHARTERED ACCOUNTANTS

- 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 financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources of kind of funds) by the company to or in any other person(s), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person, including foreign entities ("Funding parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate beneficiaries; and
c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-cause (a) and (b) contain any material misstatement
 - v. No dividend has been declared or paid during the year by the company
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Place: Hyderabad
Date: 21-04-2022

For Ramasamy Koteswara Rao and Co LLP,
Chartered Accountants
Firm Registration Number: 010396S/S200084



(C V Koteswara Rao)
Partner
Membership No.028353
UDIN: 22028353AHOLWR5981

Annexure-A to the Auditors' Report

(referred to in paragraph under heading "Report on other legal and regulatory requirements" of our Report of even date to the Members of "Laurus synthesis Private Limited" for the year ended March 31, 2022)

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that;

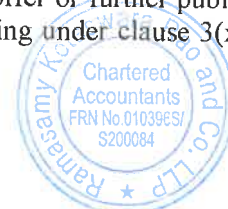
- i. In respect to Company's Property, Plant and Equipment and Intangible assets
 - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, Plant and Equipment and relevant details of right -of-use assets.
 - (B) The company has maintained proper records showing full particulars of intangible assets
 - (b) Some of the Property, Plant and Equipment have been physically verified by the management during the year in accordance with a phased program of physical verification at reasonable intervals which, in our opinion is reasonable having regard to the size of the company and the nature of its assets. According to the information furnished to us, no material discrepancies have been noticed on such verification.
 - (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
 - d) The company has not revalued any of its Property, Plant and Equipment (including Right -of-use assets) and intangible assets during the year.
 - e) No proceedings have been initiated during the year or are pending against the company as at March 31,2022 for holding any benami property under the Benami Transactions (prohibition), Act,1988 (as amended in 2016) and rules made thereunder.
- ii.
 - a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
 - b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets. Hence, reporting on the quarterly returns or statements filed by the Company with such banks or financial institutions under clause 3(ii)(b) is not applicable.
- iii.
 - a) The Company has not provided any loans during the year or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year. Hence clause 3(iii)(a) to 3(iii)(f) is not applicable.
- iv. The company has neither granted loans nor made investments. Hence the provisions of Sections 185 and 186 of Companies Act 2013 are not applicable. Thus paragraph 3(iv) of the order is not applicable to the company.

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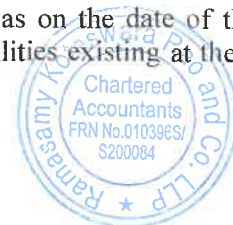


CHARTERED ACCOUNTANTS

- v. The Company has neither accepted any deposits from the public nor accepted any which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act in respect of bulk drugs and formulations and are of the opinion that prima facie, the prescribed accounts and 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. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs, Goods and Service Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2022 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax outstanding on account of dispute.
- viii. The company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the company.
- ix. a) According to the information and explanation given to us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) According to the information and explanation given to us, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
- d) According to the information and explanation given to us and overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
- f) The Company has did not have any subsidiary or associate or joint venture during the year with reference to Clause (ix)(e) . hence reporting under clause (ix)(f) of the Order is not applicable.
- x. a) The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence the reporting under clause 3(x)(a) of the order is not applicable.



- b) During the year, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the order is not applicable.
- xi. a) According to the information and explanations given by the management, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) According to the information and explanations given by the management, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year .
- xii. In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company.
- xiii. In our opinion, the Company is in compliance with section 188 of the Companies Act 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. The Company is a private company and hence the provisions of section 177 of the Companies Act, 2013 are not applicable to the Company.
- xiv. In our opinion the company is not required to have an internal audit system under section 138 of the companies' act, 2013 the provisions of clause xiv(a) and (b) of the order are not applicable to the Company.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with its directors. Hence provisions of section 192 of Companies Act, 2013 are not applicable to the company.
- xvi. (a) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company. Hence reporting under clause 3(xvi)(a), (b)and(c) of the order is not applicable.
- (b) According to the information and explanations given by the management, there is no core investment company within the group (as defined in the core investment companies (reserve bank) Directions,2016) and accordingly reporting under clause 3(xvi)(d) of the order is not applicable.
- xvii. The Company has not incurred any cash losses in the financial year covered by our audit but had incurred cash losses amounting to Rs.12,16,19,843/- in the immediately preceding financial year. The company was newly incorporated on May 18,2020.
- xviii. There has been no resignation of the statutory auditors of the company during the year.
- xix. On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities , other information accompanying the financial statements and our knowledge of the board of directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention , which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that company is not capable of meeting its liabilities existing at the date of



the balance sheet and when they fall due within a period of one year from the balance sheet date. We however state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

- xx. The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For Ramasamy Koteswara Rao and Co LLP,
Chartered Accountants
Firm Registration Number: 010396S/S200084



Place: Hyderabad
Date: 21-04-2022

(C V Koteswara Rao)
Partner

Membership No. 028353
UDIN: 22028353AHOLWR5981

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
STANDALONE FINANCIAL STATEMENTS OF LAURUS SYNTHESIS PRIVATE LIMITED**

**Report on the Internal Financial Controls under Clause (I) of Sub-section 3 of Section 143 of the
Companies Act, 2013 ("the Act")**

To the Members of **Laurus Synthesis Private Limited**

We have audited the internal financial controls over financial reporting of **Laurus Synthesis Private Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the 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 the 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 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") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

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 judgment, 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 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 authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 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 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.

For Ramasamy Koteswara Rao and Co LLP,
Chartered Accountants
Firm Registration Number: 010396S/S200084

Place: Hyderabad
Date: 21-04-2022




(C V Koteswara Rao)
Partner
Membership No.028353
UDIN: 22028353AHOLWR5981

Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Balance Sheet as at March 31, 2022

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

Particulars	Notes	March 31, 2022	March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	961,409,830	576,483,389
Right-of-use assets	29A	345,169,574	92,343,446
Capital work-in-progress	3	530,340,684	117,187,138
Intangible assets	3	2,051,450	3,036,686
Financial assets			
Other financial assets	4B	125,147,174	10,300,000
Deferred tax assets (net)	5	-	45,275,030
Income tax assets (net)	15	5,115,673	1,750,540
Other non-current assets	6A	9,733,324	28,200,486
Total non-current assets		1,978,967,709	874,576,715
Current assets			
Inventories	7	72,150,490	15,536,970
Financial assets			
Trade receivables	8	72,917,662	41,651,919
Cash and cash equivalents	9	4,390,656	7,267,563
Loans	4A	100,000	-
Other current assets	6B	135,358,303	34,205,277
Total current assets		284,917,111	98,661,729
Total assets		2,263,884,820	973,238,443
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	1,000,000	1,000,000
Other equity		183,862,320	(128,795,677)
Total equity		184,862,320	(127,795,677)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	11A	279,152,124	421,502,394
Lease liabilities	29A	22,717,491	16,729,282
Loans	11D	757,188,932	342,189,032
Provisions	14A	4,474,849	2,306,724
Deferred tax liability (net)	5	11,839,674	-
Total non-current liabilities		1,075,373,069	782,727,432
Current liabilities			
Financial liabilities			
Borrowings	11B	170,740,042	60,000,000
Lease liabilities	29A	3,083,829	925,926
Trade payables			
-total outstanding dues of creditors other than micro enterprises and small enterprises	11C	87,607,768	127,323,670
-total outstanding dues to micro enterprises and small enterprises	11C	12,905,210	6,939,918
Other financial liabilities	12	79,686,653	121,349,271
Other current liabilities	13	649,023,952	1,454,034
Provisions	14B	601,977	313,869
Total current liabilities		1,003,649,431	318,306,688
Total - equity and liabilities		2,263,884,820	973,238,443
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 Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
Firm Registration Number :010396S/S200084

C V Koteswara Rao
Partner
Membership No.028353



Place: Hyderabad
Date: April 21, 2022

For and on behalf of the Board of Directors
Laurus Synthesis Private Limited

Krishna Chaitanya Chava
Director
DIN: 06831883

Narasimha Rao Chava
Director
DIN: 08836445

Place: Hyderabad
Date: April 21, 2022

Narasimha Rao DVL
Director
DIN: 03258307

Sita Ramaiah Ch
Director
DIN: 08210856



Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Statement of Profit and Loss for the year ended March 31,2022

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

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
I. INCOME			
Revenue from operations	16	911,959,045	156,278,928
Other income	17	4,322,552	74,010
Total income (I)		916,281,597	156,352,938
II. EXPENSES			
Cost of materials consumed	18	97,141,987	50,668,474
Changes in inventories of finished goods, work-in-progress	19	(11,994,676)	(171,150)
Employee benefits expenses	20	78,874,229	60,146,133
Other expenses	21	148,403,537	122,026,877
Total expenses (II)		312,425,077	232,670,335
III. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		603,856,520	(76,317,397)
Depreciation and amortisation	3	67,952,324	52,450,864
Finance income	22	(984,191)	-
Finance costs	23	99,352,716	45,302,446
IV. Profit/(Loss) before tax		437,535,671	(174,070,707)
V. Tax expense	26		
Current tax		67,799,499	-
Deferred tax		57,104,066	(45,275,030)
Income tax expense		124,903,565	(45,275,030)
VI. Profit/(Loss) for the year (IV-V)		312,632,106	(128,795,677)
Other comprehensive income (OCI)	24		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement gains/ (losses) on defined benefit plans		36,529	-
Tax on remeasurement of defined benefit plans		(10,637)	-
Total other comprehensive income for the year, net of tax		25,892	-
Total comprehensive income/(loss) for the year, net of tax		312,657,998	(128,795,678)
Earnings per equity share Rs. 10/- each fully paid	25		
Computed on the basis of total profit for the year			
Basic (Rs.)		3,126	(1,478)
Diluted (Rs.)		3,126	(1,478)
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 Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
Firm Registration Number :010396S/S200084

C V Koteswara Rao
Partner
Membership No.028353



For and on behalf of the Board of Directors
Laurus Synthesis Private Limited

Krishna Chaitanya Chava
Director
DIN: 06831883

Narasimha Rao Chava
Director
DIN: 08836445

Narasimha Rao DVL
Director
DIN: 03258307

Sita Ramaiah Ch
Director
DIN: 08210856

Place: Hyderabad
Date: April 21, 2022

Place: Hyderabad
Date: April 21, 2022

Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Statement of Changes in Equity for the year ended March 31, 2022

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

a. Equity share capital

Equity shares of Rs.10 each, fully paid up

Issued during the year

As at March 31, 2021

Issued during the year

As at March 31, 2022

	No.	Rs.
Issued during the year	100,000	1,000,000
As at March 31, 2021	100,000	1,000,000
Issued during the year	-	-
As at March 31, 2022	100,000	1,000,000

b. Other equity

Particulars	Reserves and surplus	Other comprehensive income	Total
	Retained Earnings	Re-measurement gains or losses on employee defined benefit plans	
Loss during the year	(128,795,677)		(128,795,677)
As at March 31, 2021	(128,795,677)		(128,795,677)
Profit for the year	312,632,105	25,892	312,657,997
As at March 31, 2022	183,836,428	25,892	183,862,320

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Ramasamy Koteswara Rao and Co LLP

Chartered Accountants

Firm Registration Number :010396S/S200084

C V Koteswara Rao
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Place: Hyderabad
Date: April 21, 2022

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Director
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Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Cash Flow Statement for the year ended March 31, 2022

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit/(Loss) before tax	437,535,671	(174,070,707)
Cash Flows from operating activities		
Adjustments for :		
Depreciation and amortisation	67,952,324	52,450,864
Loss on sale of fixed assets (net)	47,453	-
Finance income	(984,191)	-
Interest expense	99,352,716	45,302,446
Net loss on foreign exchange fluctuations (unrealised)	74,981	-
Operating profit before working capital changes	603,978,954	(76,317,397)
Movement in working capital:		
Increase in inventories	(56,613,520)	(15,536,970)
Increase in trade receivables	(31,156,882)	(41,651,919)
Increase in financial and non-financial assets	(215,382,846)	(44,505,276)
Increase/ (Decrease) in trade payables	(33,566,766)	138,370,150
Increase in financial, non-financial liabilities and provisions	641,524,495	1,420,210
Cash generated from/(used in) operations	908,783,435	(38,221,202)
Income tax paid	(71,143,358)	(1,750,540)
Net cash flows from/(used in) operating activities (A)	837,640,077	(39,971,742)
Cash flows used in investing activities		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(841,578,280)	(700,349,727)
Interest received	266,837	-
Net cash flows used in investing activities (B)	(841,311,443)	(700,349,727)
Net cash flows from financing activities		
Proceeds from issue of share capital	-	1,000,000
Proceeds/(Repayment) from long - term borrowings	(60,000,000)	480,000,000
Proceeds from intercorporate loan(net)	414,999,900	342,189,032
Proceeds from Short - term borrowings (net)	30,740,042	-
Payment of lease liabilities	(249,159,430)	(75,600,000)
Interest paid	(135,786,052)	-
Net cash flows from financing activities (C)	794,460	747,589,032
Net increase in cash and cash equivalents (A+B+C)	(2,876,906)	7,267,563
Cash and cash equivalents at the beginning of the year	7,267,563	-
Cash and cash equivalents at the year end	4,390,656	7,267,563
Components of cash and cash equivalents:		
Cash on hand	250,464	109,358
Balances with banks		
On current accounts	4,140,192	7,158,205
Total cash and cash equivalents	4,390,656	7,267,563

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For Ramasamy Koteswara Rao and Co LLP

Chartered Accountants

Firm Registration Number :010396S/S200084

C V Koteswara Rao

Partner
Membership No.028353

For and on behalf of the Board of Directors

Laurus Synthesis Private Limited

Krishna Chaitanya
ChavaDirector
DIN: 06831883Narasimha Rao Chava
Director

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Director
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Director

DIN: 08210856

Place: Hyderabad
Date: April 21, 2022Place: Hyderabad
Date: April 21, 2022

Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Notes to financial statements for the year ended March 31, 2022

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

1. Corporate information

Laurus Synthesis Private Limited (the "Company") is a leading Contract Development & Manufacturing Organization (CDMO). The Company intended to support drug development and manufacturing programs of global pharmaceutical and biotech companies. The Company is a private company domiciled in India and is incorporated on May 18, 2020 under the provisions of the Companies Act applicable in India. The Company is wholly owned subsidiary of Laurus Labs Limited.

The Company is equipped with manufacturing facility situated in Jawaharlal Nehru Pharma City at Visakhapatnam, and constructing 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 21, 2022.

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 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 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 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 Contract Development & Manufacturing Operations and services (together called as "Pharmaceuticals")

The following is summary of significant accounting policies relating to revenue recognition. Further, refer note no. 15 for disaggregate revenues from contracts with customers.

D.V.C. Narasimhaiah

[Signature]



Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Notes to financial statements for the year ended March 31, 2022

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

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

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rates.

(e) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income ("OCI") or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax 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.

(f) Property, plant and equipment

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
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 from 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.

(g) 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.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

(h) 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.

D.V.L. Nalabimbarao



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Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Notes to financial statements for the year ended March 31, 2022

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

Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. Further, refer note no. 29 A, for effect of transition to Ind AS 116, classification of leases and other disclosures relating to leases.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund by a third party.

The cost of providing benefits under the defined benefit plan is determined based on projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to Statement of Profit or Loss in subsequent periods.

D. V. N. Srinivas Kumar
HYDERABAD
LAURUS SYNTHESIS PRIVATE LIMITED

Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Notes to financial statements for the year ended March 31, 2022

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

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.

(n) 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 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 8.

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

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Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Notes to financial statements for the year ended March 31, 2022

(All amounts in 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 amortized 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 recognized 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 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.

(o) 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.

(p) 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.

(q) 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, 2022.

D. V. C. Nalabimha Rao



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Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Notes to Financial Statements for the year ended March 31, 2022

(All amounts in 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	Total Property, plant and equipment
Gross carrying value						
Additions	38,493,945	119,714,548	459,175,499	3,059,649	7,719,933	628,163,574
Disposals	-	-	(980,788)	-	-	(980,788)
As at March 31, 2021	38,493,945	119,714,548	458,194,711	3,059,649	7,719,933	627,182,786
Additions	448,178,752	-	-	-	-	448,178,752
Disposals	-	-	(2,798,491)	-	-	(2,798,491)
As at March 31, 2022	486,672,697	119,714,548	455,396,220	3,059,649	7,719,933	1,072,563,047
Depreciation						
Charge for the year	-	5,722,922	43,259,371	421,786	1,311,743	50,715,822
Disposals	-	-	(16,425)	-	-	(16,425)
As at March 31, 2021	-	5,722,922	43,242,946	421,786	1,311,743	50,699,397
Charge for the year	-	6,848,743	51,735,806	504,760	1,569,791	60,659,100
Disposals	-	-	(205,280)	-	-	(205,280)
As at March 31, 2022	-	12,571,665	94,773,472	926,546	2,881,535	111,153,217
Net carrying value						
As at March 31, 2021	38,493,945	113,991,626	414,951,765	2,637,863	6,408,190	576,483,389
As at March 31, 2022	486,672,697	107,142,883	360,622,748	2,133,103	4,838,398	961,409,830

Capital work-in-progress : Rs.530,340,684 (March 31, 2021: Rs.117,187,138)

Notes:

Pledge on Property, plant and equipment:

1) Property, plant and equipment with a carrying amount of Rs. 961,409,830 (March 31, 2021 :Rs.576,488,303) are subject to a pari passu first charge on the Company's term loans. Further, the property, plant and equipment are subject to a pari passu second charge on the Company's current borrowings. Also, refer note 11A.

2) All the title deeds of Immovable properties are held in the name of the Company.

Intangible Assets

Particulars	Total Intangible Assets
Gross carrying value	
Additions	3,859,966
Disposals	-
As at March 31, 2021	3,859,966
Additions	-
Disposals	-
As at March 31, 2022	3,859,966
Amortisation	
Charge for the year	823,280
Disposals	-
As at March 31, 2021	823,280
Charge for the year	985,236
Disposals	-
As at March 31, 2022	1,808,516
Net carrying value	
As at March 31, 2021	3,036,686
As at March 31, 2022	2,051,450

Capital work-in-progress (CWIP) ageing schedule:

For the year ended March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3	
Projects in progress	413,603,312	116,737,372	-	-	530,340,684

For the year ended March 31, 2021

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3	
Projects in progress	117,187,138	-	-	-	117,187,138





Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Notes to Financial Statements for the year ended March 31, 2022

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

4. Financial assets

A. Loans

Particulars	March 31, 2022	Mar 31, 2021
Current (unsecured, considered good unless otherwise stated)		
Other loans		
- Loans to employees	100,000	-
Total	100,000	-

4B. Other financial assets

Particulars	March 31, 2022	March 31, 2021
Non-current (unsecured, considered good unless stated otherwise)		
Security deposits	11,588,000	10,300,000
Margin Money	113,499,533	-
Export and other incentives receivable	59,641	-
Total	125,147,174	10,300,000

5. Deferred tax assets/(liabilities) (Net)

Particulars	March 31, 2022	March 31, 2021
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	(12,896,454)	(8,665,735)
	(A)	(8,665,735)
Deferred tax asset		
Carry forward business losses and unabsorbed depreciation	-	53,940,765
Other items giving rise to temporary differences	1,056,780	-
	(B)	53,940,765
Deferred tax assets/(liabilities) (Net)	(A+B)	45,275,030

For the year ended March 31, 2022:

Particulars	Opening balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(8,665,735)	(4,230,718)	-	(12,896,454)
Carry forward business losses and unabsorbed depreciation	53,940,765	(53,940,765)	-	-
Other items giving rise to temporary differences	-	1,067,417	(10,637)	1,056,780
Total	45,275,030	(57,104,066)	(10,637)	(11,839,674)

For the year ended March 31, 2021:

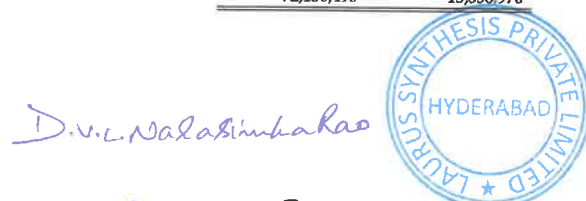
Particulars	Opening balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	-	(8,665,735)	-	(8,665,735)
Carry forward business losses and unabsorbed depreciation	-	53,940,765	-	53,940,765
Total	-	45,275,030	-	45,275,030

6. Other assets

Particulars	March 31, 2022	March 31, 2021
A) Non-current (unsecured, considered good unless otherwise stated)		
Capital advances	9,733,324	28,200,486
Less: Allowance for doubtful advances	(9,733,324)	(28,200,486)
Total	9,733,324	28,200,486
B) Current (unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or kind	73,703,998	2,638,352
Prepayments	1,715,511	1,626,128
Balances with statutory/Government authorities	59,221,440	29,940,797
Interest receivable	717,354	-
Total	135,358,303	34,205,277

7. Inventories

Particulars	March 31, 2022	March 31, 2021
(At lower of cost and net realisable value)		
Raw materials	46,556,926	2,660,582
Work-in-progress	11,992,909	-
Finished goods	172,917	171,150
Stores, spares and packing materials	13,427,738	12,705,238
Total	72,150,490	15,536,970



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Notes to Financial Statements for the year ended March 31, 2022

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

8. Trade receivables

Particulars	March 31, 2022	March 31, 2021
Unsecured		
Considered good	24,851,113	5,332,297
Receivable from related parties	48,066,549	36,319,622
Total	72,917,662	41,651,919

Trade Receivables ageing schedule for the year ended March 31, 2022:

Particulars	Not Due	Outstanding from due date of payment			Total
		Less than 6 months	6 months - 1 year	1- 2 years	
i) Undisputed Trade receivables - considered good	66,865,798	6,051,864			72,917,662
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-
iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-
Total	66,865,798	6,051,864	-	-	72,917,662

Trade Receivables ageing schedule for the year ended March 31, 2021:

Particulars	Not Due	Outstanding from due date of payment			Total
		Less than 6 months	6 months - 1 year	1- 2 years	
i) Undisputed Trade receivables - considered good	36,699,812	4,952,107	-	-	41,651,919
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-
iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-
Total	36,699,812	4,952,107	-	-	41,651,919

9. Cash and cash equivalents and other bank balances

Particulars	March 31, 2022	March 31, 2021
Cash and cash equivalents		
Balances with banks		
- On current accounts	4,140,192	7,158,205
Cash on hand	250,464	109,358
Total	4,390,656	7,267,563

10. Equity share capital

Particulars	March 31, 2022	March 31, 2021
Authorised		
100,000 Equity shares of Rs.10/- each (March 31, 2021 Rs.10/- each)	1,000,000	1,000,000
Total	1,000,000	1,000,000
Issued, Subscribed and Paid Up		
100,000 Equity shares of Rs.10/- each fully paid (March 31, 2021 Rs.10/- each)	1,000,000	1,000,000
Total	1,000,000	1,000,000

10.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	March 31, 2022		March 31, 2021	
	No.	Rs.	No.	Rs.
Equity Shares of Rs.10 each, fully paid up				
Balance as per last financial statements	100,000	1,000,000	-	-
Issued during the year	-	-	100,000	1,000,000
Outstanding at the end of the year	100,000	1,000,000	100,000	1,000,000

10.2 Details of shareholders holding more than 5% shares of the Company:

Particulars	March 31, 2022		March 31, 2021	
	% Holding	No.	% Holding	No.
Equity shares of Rs. 10/- each held by				
Laurus Labs Limited	100%	100,000	100%	100,000

10.3 Details of shares held by the promoters of the Company:
Shares held by promoters at the end of March 31, 2022

Promoter Name	No of shares	% of total shares	% Change during the year
Laurus Labs Limited	100,000	100%	-
Total	100,000	100%	-

Shares held by promoters at the end of March 31, 2021

Promoter Name	No of shares	% of total shares	% Change during the year
Laurus Labs Limited (Note 1)	100,000	100%	100%
Total	100,000	100%	100%

Note 1: The Company incorporated on 18th May 2020





Laurus Synthesis Private Limited

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Notes to Financial Statements for the year ended March 31, 2022

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

11. Financial liabilities

Particulars	March 31, 2022	March 31, 2021
A) Non-current borrowings		
Term loans		
Indian rupee loans from banks (Secured) (a & b)	279,152,124	421,502,394
Total	279,152,124	421,502,394
Current maturities of non-current borrowings		
Term loans		
Indian rupee loans from banks (Secured) (a & b)	140,000,000	60,000,000
	140,000,000	60,000,000
Less: Amount disclosed under the head "current borrowings"	(140,000,000)	(60,000,000)
Total	-	-
B) Current borrowings		
Cash credits and working capital demand loans		
Indian rupee loans from banks (Secured) (a & b)	30,740,042	-
Current maturities of non-current borrowings (a & b)	140,000,000	60,000,000
Total	170,740,042	60,000,000

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

Name of the Bank	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021	Sanction Amount	No. of Instalments & Commencement of Instalments	Effective interest rate
DBS Bank India Limited	419,152,124	480,000,000	480,000,000	16 quarterly instalments ranging from Rs. 15,000,000 to 35,000,000; Commencing from April 2021	Repo Plus 2.5%

b) 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.

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.

C) Trade payables

Particulars	March 31, 2022	March 31, 2021
Valued at amortised cost		
- Total outstanding dues to creditors other than micro enterprises and small enterprises	76,689,152	70,584,410
- Outstanding dues to related parties (refer note no 27)	10,918,616	56,739,260
Total	87,607,768	127,323,670
- Total outstanding dues to micro enterprises and small enterprises	12,905,210	6,939,918
Total	12,905,210	6,939,918

Trade Payables ageing schedule for the year ended March 31, 2022

Particulars	Not due	Outstanding from due date of payment			Total
		Less than 1 Year	1-2 Years	2-3 Years	
i) MSME	12,905,210	-	-	-	12,905,210
ii) Others	23,211,597	64,396,171	-	-	87,607,768
Total	36,116,807	64,396,171	-	-	100,512,978

Trade Payables ageing schedule for the year ended March 31, 2021

Particulars	Not due	Outstanding from due date of payment			Total
		Less than 1 Year	1-2 Years	2-3 Years	
i) MSME	6,939,918	-	-	-	6,939,918
ii) Others	5,713,732	121,609,938	-	-	127,323,670
Total	12,653,650	121,609,938	-	-	134,263,588

D) Loans

Particulars	March 31, 2022	March 31, 2021
A) Non-current		
Loan from Group Companies	757,188,932	342,189,032
Total	757,188,932	342,189,032

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Laurus Synthesis Private Limited

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Notes to Financial Statements for the year ended March 31, 2022

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

12. Other Financial Liabilities

Particulars	March 31, 2022	March 31, 2021
Payable due to Business Purchase	-	8,501,656
Capital creditors	77,367,505	76,080,649
Interest accrued	2,319,148	36,766,966
Total	79,686,653	121,349,271

13. Other non-current and current liabilities

Particulars	March 31, 2022	March 31, 2021
Current		
Advances from customers	647,471,270	-
Statutory dues	1,552,682	1,454,034
Total	649,023,952	1,454,034

14. Provisions

Particulars	March 31, 2022	March 31, 2021
A) Non-current provisions		
Provision for gratuity	2,283,068	1,045,873
Provision for compensated absences	2,191,781	1,260,851
Total	4,474,849	2,306,724
B) Current provisions		
Provision for gratuity	34,266	1,667
Provision for compensated absences	567,711	312,202
Total	601,977	313,869

15. Income tax assets/liabilities

Particulars	March 31, 2022	March 31, 2021
Income tax assets		
Advance tax (net)	5,115,673	1,750,540
Tax paid under protest	-	-
Total	5,115,673	1,750,540

D.V.L. Nalabimha Rao



Laurus Synthesis Private Limited

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Notes to Financial Statements for the year ended March 31, 2022

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

	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
16.	Revenue from operations		
	Sale of products		
	Income from Sale of API, Intermediates and Conversion	61,938,022	151,249,856
	Income from sale of traded goods	299,507,314	5,002,279
		(A)	
		<u>361,445,336</u>	<u>156,252,135</u>
	Sale of services		
	Contract research services	549,088,420	-
		(B)	
		<u>549,088,420</u>	<u>-</u>
	Other operating revenue		
	Sale of scrap	1,425,289	26,793
		(B)	
		<u>1,425,289</u>	<u>26,793</u>
	Revenue from operations	(A+B)	
		<u>911,959,045</u>	<u>156,278,928</u>
17.	Other income		
	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Net gain on foreign exchange fluctuations	4,322,552	-
	Miscellaneous income	-	74,010
	Total	<u>4,322,552</u>	<u>74,010</u>
18.	Cost of materials consumed		
	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Raw materials consumed		
	Opening stock at the beginning of the year	2,660,582	-
	Add : Purchases	140,424,955	53,290,024
		<u>143,085,537</u>	<u>53,290,024</u>
	Less : Closing stock at the end of the year	46,556,926	2,660,582
		(A)	
		<u>96,528,611</u>	<u>50,629,442</u>
	Packing materials consumed	(B)	
		<u>613,376</u>	<u>39,032</u>
	Total	(A+B)	
		<u>97,141,987</u>	<u>50,668,474</u>
19.	Changes in inventories of finished goods, work-in-progress and stock-in-trade		
	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Opening stock of inventories		
	Finished goods of API and Intermediates	171,150	-
	Work-in-progress of API and Intermediates	-	-
		<u>171,150</u>	<u>-</u>
	Closing stock of inventories		
	Finished goods of API and Intermediates	172,917	171,150
	Work-in-Progress of API and Intermediates	11,992,909	-
		<u>12,165,826</u>	<u>171,150</u>
	(Increase)/Decrease in inventories of finished goods and work-in-progress	<u>(11,994,676)</u>	<u>(171,150)</u>
	(Increase)/Decrease in finished goods of API and Intermediates	(1,767)	(171,150)
	(Increase)/Decrease in Work-in-Progress of API and Intermediates	(11,992,909)	-
	(Increase)/Decrease in inventories of finished goods and work-in-progress	<u>(11,994,676)</u>	<u>(171,150)</u>
20.	Employee benefits expenses		
	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Salaries, allowances and wages	54,827,398	43,675,443
	Contribution to provident fund and other funds	4,113,945	3,035,789
	Gratuity expense	1,306,323	1,047,540
	Recruitment and training	134,032	76,216
	Staff welfare expenses	18,492,531	12,311,145
	Total	<u>78,874,229</u>	<u>60,146,133</u>

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Laurus Synthesis Private Limited

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Notes to Financial Statements for the year ended March 31, 2022

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

21. Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Consumption of stores and spares	37,611,571	30,073,750
Conversion charges	4,908,203	-
Factory maintenance	35,644,739	23,117,475
Effluent treatment expenses	9,705,373	7,334,595
Power and fuel	23,582,917	27,088,156
Repairs and maintenance		
Plant and machinery	12,608,820	18,683,518
Buildings	4,880,422	5,183,831
Others	1,335,730	999,150
Testing and analysis charges	385,859	19,380
Rent	970,161	220,000
Rates and taxes	7,138,162	2,155,719
Office maintenance	-	62,200
Insurance	4,050,094	2,438,031
Printing and stationery	653,727	1,202,836
Consultancy and other professional charges	1,624,858	915,064
Membership and subscription	75,050	15,000
Remuneration to auditors		
-Audit fee	300,000	200,000
Travelling and conveyance	67,899	97,802
Communication expenses	892,075	397,771
Loss on sale of property, plant and equipment (net)	47,453	4,982
Net loss on foreign exchange fluctuations	-	106,748
Carriage outwards	671,098	647,749
Other selling expenses	14,000	-
Business promotion and advertisement	1,215,096	1,063,121
CSR expenditure	20,230	-
Total	148,403,537	122,026,877

22. Finance Income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income on		
Electricity deposits and others	984,191	-
Total	984,191	-

23. Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest		
- on term loans	29,044,315	5,470,684
- on working capital loans	281,892	-
- on Intercompany loans	65,829,500	39,748,071
- on others	2,100,357	-
Total interest expense	97,256,064	45,218,756
Bank charges	2,096,652	83,691
Total	99,352,716	45,302,446

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, 2022	For the year ended March 31, 2021
Remeasurement gains/(losses) on defined benefit plans	36,529	-
Deferred tax on remeasurement of defined benefit plans	(10,637)	-
Total	25,892	-

25. Earnings per share (EPS)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
The following reflects the profit/(loss) and share data used in the basic and diluted EPS computations:		
Profit for the year attributable to shareholders	312,632,106	(128,795,677)
Weighted average number of equity shares in computing basic EPS	100,000	87,123
Add: Effect of dilution	-	-
Weighted Average number of Equity Shares in computing diluted earnings per share	100,000	87,123
Face value of each equity share (Rs.)	10.00	10.00
Earnings per share		
- Basic (Rs.)	3,126	(1,478)
- Diluted (Rs.)	3,126	(1,478)



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Notes to Financial Statements for the year ended March 31, 2022

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

26. Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2022 and for the year ended March 31, 2021

Statement of Profit and Loss

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax	67,799,499	-
Deferred tax credit	57,104,066	(45,275,030)
Total income tax expense/(income) recognised in Statement of Profit and Loss	124,903,565	(45,275,030)

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax (A)	437,535,671	(174,070,707)
Enacted tax rate in India (B)	29.12%	26.00%
Expected tax expenses (C = A*B)	127,410,387	(45,258,384)
Other than temporary difference		
Others	(8,608,593)	(64,022)
Profit after adjusting permanent differences	428,927,078	(174,134,729)
Expected tax expense	124,903,565	(45,275,030)
Total Tax expense	124,903,565	(45,275,030)
Effective tax rate	29.12%	26.00%

27. Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
i) Laurus Labs Limited	Holding Company
ii) Sriam Labs Private Limited	Other Group Company

Transactions during the year :

	For the year ended March 31, 2022	For the year ended March 31, 2021
i) Laurus Labs Limited		
Inter Corporate Loan net	339,999,900	822,189,032
Investments received	-	1,000,000
Interest on Inter Corporate Loan	65,568,678	39,748,071
Conversion income	44,306,551	102,046,064
Sale of goods	293,809,630	39,565,634
Asset sale	3,118,758	415,954
Purchases	33,668,753	35,631,917
Asset purchases	2,792,585	6,048,328
Reimbursement of expenses	6,079,260	7,344,325
Conversion Charges	4,908,203	-
ii) Sriam labs private limited		
Asset sale	-	559,761
Rates & Taxes	617,001	-
Inter Corporate Loan net	75,000,000	-
Interest on Inter Corporate Loan	260,822	-
Closing balances (Unsecured)		
	March 31, 2022	March 31, 2021

i) Laurus Labs Limited

Trade payable	10,918,616	56,739,260
Trade receivable	48,066,549	36,319,622
Inter Corporate Loan	682,188,932	342,189,032
Interest payable on Inter Corporate Loan	518	36,766,966

ii) Sriam Labs Limited

Inter Corporate Loan	75,000,000	-
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Notes to Financial Statements for the year ended March 31, 2022

(All amounts in 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 following tables summarise net benefit expenses recognised in the statement of profit and loss and the amount recognised in the Balance sheet for the gratuity.

Particulars	March 31, 2022	March 31, 2021
i) Net employee benefit expense (recognised in Employee benefits expenses)		
Current service cost	1,234,043	1,047,540
Interest cost	72,280	-
Expected return on plan assets	-	-
Net actuarial(gain) / loss recognised in the year	-	-
Benefits paid	-	-
Net employee benefit expenses	1,306,323	1,047,540
Actual return on plan asset	-	-
ii) Amount recognised in the Balance Sheet		
Defined benefit obligation	2,317,334	1,045,873
Fair value of plan assets	-	-
	2,317,334	1,045,873
iii) Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	1,047,540	-
Current service cost	1,234,043	1,047,540
Interest cost	72,280	-
Benefits paid	-	-
Net Actuarial (gains) / losses on obligation for the year recognised under OCI	(36,529)	-
Closing defined benefit obligation	2,317,334	1,047,540
(a) The principal assumptions used in determining gratuity for the Company's plans are shown below:		
	March 31, 2022	March 31, 2021
Discount rate	7.35%	6.90%
Expected rate of return on assets	7.35%	6.90%
Salary rise	12.00%	13.00%
Attrition Rate	14.00%	16.00%
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.		
(b) Disclosure related to indication of effect of the defined benefit plan on the entity's future cashflows:		
<u>Expected benefit payments for the year ending:</u>		
Year ending	March 31, 2022	March 31, 2021
1st year	34,266	1,667
2nd year	3,582	14,225
3rd year	83,576	1,642
4th year	277,939	44,977
5th year	279,029	145,495
(c) Sensitivity analysis:		
A quantitative sensitivity analysis for significant assumption is as shown below:		
	March 31, 2022	March 31, 2021
(i) Effect of 1% change in assumed discount rate		
- 1% increase	(209,969)	947,146
- 1% decrease	242,591	1,163,616
(ii) Effect of 1% change in assumed salary escalation rate		
- 1% increase	241,091	1,160,894
- 1% decrease	(213,036)	947,295
(iii) Effect of 1% change in assumed attrition rate		
- 1% increase	(100,497)	990,296
- 1% decrease	109,303	1,110,129
(d) Defined Contribution Plan		
	March 31, 2022	March 31, 2021
Contribution to Provident Fund	3,720,774	2,699,935

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Laurus Synthesis Private Limited

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Notes to Financial Statements for the year ended March 31, 2022

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

29. 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. To maintain the capital structure, the Company may adjust the return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, borrowings including interest accrued on borrowings, trade and other payables, less cash and short-term deposits.

Particulars	March 31, 2022	March 31, 2021
Borrowings including interest accrued on borrowings (Note 11)	1,209,400,246	860,458,392
Less: Cash and cash equivalents (Note 9)	(4,390,656)	(7,267,563)
Net debt	1,205,009,590	853,190,829
Equity	1,000,000	1,000,000
Other equity	183,862,320	(128,795,677)
Total equity	184,862,320	(127,795,677)
Gearing ratio (Net debt/ Total equity)	6.52	(6.68)

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2022.

30. Commitments and Contingencies

A. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Operating lease commitments - Company as lessee

The Company's lease asset classes primarily consist of leases for land. The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2022 and for the year ended March 31, 2021

Particulars	March 31, 2022	March 31, 2021
Opening Balance	92,343,446	-
Additions	259,134,116	93,255,208
Depreciation	(6,307,988)	(911,762)
Closing Balance	345,169,574	92,343,446

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of profit and loss

The following is the movement in lease liabilities during the year ended March 31, 2022 and March 31, 2021

Particulars	March 31, 2022	March 31, 2021
Recognition on adoption of Ind AS 116/Opening Balance	17,655,208	-
Additions	259,134,116	93,255,208
Finance cost accrued during the year	(1,828,574)	-
Payment of lease liabilities	(249,159,430)	(75,600,000)
Closing Balance	25,801,320	17,655,208

The following is the break-up of current and non-current lease liabilities as at March 31, 2022 and March 31, 2021

Particulars	March 31, 2022	March 31, 2021
Non-current lease liabilities	22,717,491	16,729,282
Current lease liabilities	3,083,829	925,926
Total	25,801,320	17,655,208

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 and March 31, 2021 on discounted basis

Particulars	March 31, 2022	March 31, 2021
Within one year	3,083,829	925,926
After one year but not more than five years	11,093,227	3,398,543
More than five years	11,624,264	13,330,739

B. Commitments

Particulars	March 31, 2022	March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for	537,563,088	158,257,808



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Notes to Financial Statements for the year ended March 31, 2022

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

31. Liquidity disclosures

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	Total
March 31, 2022:				
Non-current borrowings (including current maturities)	140,000,000	279,152,124	-	419,152,124
Current borrowings	30,740,042	-	-	30,740,042
Intercompany loan payable	-	757,188,932	-	757,188,932
Interest payable	2,319,148	-	-	2,319,148
Trade payables	100,512,978	-	-	100,512,978
Other payables	77,367,505	-	-	77,367,505
	350,939,673	1,036,341,056	-	1,387,280,729
March 31, 2021:				
Non-current borrowings (including current maturities)	60,000,000	420,000,000	-	480,000,000
Current borrowings	-	-	-	-
Intercompany loan payable	-	342,189,032	-	342,189,032
Interest payable	-	36,766,966	-	36,766,966
Trade payables	134,263,587	-	-	134,263,587
Other payables	84,582,306	-	-	84,582,306
	278,845,893	798,955,998	-	1,077,801,891

32. Business combination

Acquisitions during the year ended March 31, 2021

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 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.

Assets acquired

The fair values of the identifiable assets of the said unit of Phalanx Labs Private Limited as at the date of acquisition were:

Particulars	June 01, 2020
Non-current assets	600,000,000
Property, plant and equipment	-
Financial Assets	10,000,000
Security deposits	610,000,000
Total Assets acquired	601,498,342
Total purchase consideration transferred	8,501,658
Balance purchase consideration payable	-

33. Ratios

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021

Particulars	Numerator	Denominator	March 31, 2022	March 31, 2021	Variance (6)
Current Ratio	Current Assets	Current Liabilities	0.28	0.31	-8.4%
Debt-Equity Ratio	Total Debt (1)	Shareholder's Equity	6.54	(6.73)	197.2%
Debt Service Coverage Ratio	Earnings available for debt service (2)	Debt service (3)	4.60	(12.96)	135.5%
Return on Equity (ROE)	Net profit after taxes	Average Shareholder's Equity	11	1	987.2%
Inventory Turnover Ratio	Revenue from Operations	Average Inventory	21	10	106.8%
Trade Receivables Turnover Ratio	Revenue from Operations	Average Receivables	16	4	324.3%
Trade Payables Turnover Ratio	Purchases	Average Trade Payables	0.30	0.40	-24.7%
Net Capital Turnover Ratio	Revenue from Operations	Working Capital (4)	(1.27)	(0.71)	-78.3%
Net Profit Ratio	Net Profit	Revenue from Operations	34%	-82%	141.6%
Return on Capital Employed (ROCE)	Earnings Before Interest and Taxes (EBIT)	Capital Employed (5)	0.38	(0.19)	303.5%
Return on Investment	Income generated from investments	Investment	N.A	N.A	N.A

(1) Long Term borrowings + Short Term borrowings + Inter corporate loans + interest accrued

(2) Net profit after tax + Non-operating cash exp like depreciation + Term loan Interest

(3) Term loan Interest + Principal repayments

(4) Current assets - current liabilities

(5) Tangible networth + total debt including interest accrued + deferred tax liability-deferred tax assets

(6) The Company incorporated on May 18, 2020, hence the previous year ratios are not comparable

As per our report of even date

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants

C V Koteswara Rao
Partner
Membership No.028353



Place: Hyderabad
Date: April 21, 2022

For and on behalf of the Board of Directors
Laurus Synthesis Private Limited

Krishna Chaitanya Chava
Director
DIN: 06831883

Narasimha Rao Chava
Director
DIN: 08836445

Place: Hyderabad
Date: April 21, 2022

Narasimha Rao DVL
Director
DIN: 03258307

Sita Ramaiah Ch
Director
DIN: 08210856

