

**INDEPENDENT AUDITOR'S REPORT  
To The Members of Laurus Synthesis Private Limited  
Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **Laurus Synthesis Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the 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 Board's report including Annexures to the Board's 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.

**Responsibilities of Management and Those Charged with Governance 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibility for the Audit of the 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 skepticism 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Statement of Cash Flows 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The company did not have any long-term contract including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. (a) The Management has represented that, to the best of it's knowledge and belief,, as disclosed in the note 37(vi) to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



- (b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 37(vii) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)



**Ganesh Balakrishnan**  
(Partner)  
(Membership No. 201193)  
(UDIN: 23201193BGPJQC5661)

Place: Hyderabad  
Date: April 20, 2023

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements'  
section of our report of even date)**

**Report on the Internal Financial Controls with reference to financial statements under  
Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **Laurus Synthesis Private Limited** ("the Company") as of March 31, 2023 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 with reference to financial statements based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

**Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)



**Ganesh Balakrishnan**  
(Partner)  
(Membership No. 201193)

Place: Hyderabad  
Date: April 20, 2023

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (ii) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right-of-use assets.  
B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of verification of property, plant and equipment, capital work-in-progress and right-of-use assets so to cover all the items once in every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were due for physical verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) Based on our examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Company as at the balance sheet date. Immovable properties of land whose title deeds have been pledged as security for term loans and working capital limits are held in the name of the Company based on the confirmations directly received by us from lenders.
- (d) The Company has not revalued any of its property, plant and equipment (including right-of-use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (iii) (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 been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements, statements on ageing analysis of the debtors/creditors and other stipulated financial information filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.

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(iii) The Company has granted unsecured loans during the year, in respect of which :

(a) The Company has provided loans during the year and details of which are given below:

(₹ in million)

|   | <b>Loans</b> |
|---|--------------|
| A. Aggregate amount granted / provided during the year:                   |              |
| - Others  | 2.67         |
| B. Balance outstanding as at balance sheet date in respect of above cases |              |
| - Others  | 0.20         |

The Company has not provided any advances in the nature of loans or guarantee or security to any other entity during the year.

- (b) The terms and conditions of the grant of all the above-mentioned loans during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.
- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- (e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- (iv) According to information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of sections 185 or 186 of the Companies Act, 2013, and hence reporting under clause (iv) of the Order is not applicable.
- (V) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year.
- There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- (b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.



- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix)
  - (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
  - (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
  - (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
  - (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
  - (e) The Company has not made any investment in or given any new loan or advances to its subsidiary during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
  - (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary.
- (x)
  - (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (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 (x)(b) of the Order is not applicable to the Company.
- (xi)
  - (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
  - (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
  - (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv)
  - (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
  - (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto January 31, 2023. We were unable to obtain internal audit report of the company issued for the period February 2023 to March 2023, hence we were unable to consider such internal audit reports in our audit.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding company, subsidiary company, associate company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.



- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (d) The Group does not have any core investment company as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been resignation of the statutory auditors of the Company during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)



**Ganesh Balakrishnan**  
Partner  
(Membership No. 201193)

Place: Hyderabad  
Date: April 20, 2023

# Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Balance Sheet as at March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

| Particulars   | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|------|----------------------|----------------------|
| <b>ASSETS</b>   |      |                      |                      |
| <b>Non-current assets</b>   |      |                      |                      |
| Property, plant and equipment   | 3A   | 1,383.61             | 961.41               |
| Right-of-use assets   | 32A  | 337.24               | 345.17               |
| Capital work-in-progress  | 3B   | 1,912.87             | 530.34               |
| Intangible assets   | 3C   | 2.36                 | 2.05                 |
| Financial assets  |      |                      |                      |
| Other financial assets  | 4B   | 7.72                 | 125.15               |
| Income tax assets (net)   | 15A  | 95.65                | 5.12                 |
| Other non-current assets  | 6A   | 415.54               | 9.73                 |
| <b>Total non-current assets</b>   |      | <b>4,154.99</b>      | <b>1,978.97</b>      |
| <b>Current assets</b>   |      |                      |                      |
| Inventories   | 7    | 229.69               | 72.15                |
| Financial assets  |      |                      |                      |
| Trade receivables   | 8    | 287.93               | 72.92                |
| Cash and cash equivalents   | 9    | 0.16                 | 4.39                 |
| Loans   | 4A   | 0.20                 | 0.10                 |
| Other current assets  | 6B   | 103.17               | 135.35               |
| <b>Total current assets</b>   |      | <b>621.15</b>        | <b>284.91</b>        |
| <b>Total assets</b>   |      | <b>4,776.14</b>      | <b>2,263.88</b>      |
| <b>EQUITY AND LIABILITIES</b>   |      |                      |                      |
| <b>Equity</b>   |      |                      |                      |
| Equity share capital  | 10   | 1.00                 | 1.00                 |
| Other equity  |      | 405.81               | 183.86               |
| <b>Total equity</b>   |      | <b>406.81</b>        | <b>184.86</b>        |
| <b>Liabilities</b>  |      |                      |                      |
| <b>Non-current liabilities</b>  |      |                      |                      |
| <b>Financial liabilities</b>  |      |                      |                      |
| Borrowings  | 11A  | 2,090.71             | 1,036.34             |
| Lease liabilities   | 32A  | 19.06                | 22.72                |
| Provisions  | 14A  | 8.11                 | 4.47                 |
| Deferred tax liabilities (net)  | 5    | 30.82                | 11.84                |
| Other non-current liabilities   | 13A  | 795.08               | -                    |
| <b>Total non-current liabilities</b>  |      | <b>2,943.78</b>      | <b>1,075.37</b>      |
| <b>Current liabilities</b>  |      |                      |                      |
| <b>Financial liabilities</b>  |      |                      |                      |
| Borrowings  | 11B  | 343.26               | 170.74               |
| Lease liabilities   | 32A  | 3.66                 | 3.08                 |
| Trade payables  |      |                      |                      |
| -total outstanding dues of micro enterprises and small enterprises                      | 11C  | 79.31                | 12.91                |
| -total outstanding dues of creditors other than micro enterprises and small enterprises | 11C  | 194.40               | 87.61                |
| Other financial liabilities   | 12   | 455.20               | 79.69                |
| Other current liabilities   | 13B  | 276.20               | 649.02               |
| Provisions  | 14B  | 0.95                 | 0.60                 |
| Income tax liabilities (net)  | 15B  | 72.57                | -                    |
| <b>Total current liabilities</b>  |      | <b>1,425.55</b>      | <b>1,003.65</b>      |
| <b>Total - equity and liabilities</b>   |      | <b>4,776.14</b>      | <b>2,263.88</b>      |
| Summary of significant accounting policies  |      | 2.2                  |                      |

The accompanying notes are an integral part of the financial statements.  
In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Firm Registration Number : 0080725

Ganesh Balakrishnan

Partner

Membership No.201193



For and on behalf of the Board of Directors

Laurus Synthesis Private Limited

Narasimha Rao Chava

Director

DIN: 08836445

Sita Ramaiah Ch

Director

DIN: 08210856

Place: Hyderabad

Date: April 20, 2023

Place: Hyderabad

Date: April 20, 2023

# Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

## Statement of Profit and Loss for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

| Particulars  | Note  | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|--|-------|--------------------------------------|--------------------------------------|
| <b>I. INCOME</b>   |       |                                      |                                      |
| Revenue from operations  | 16    | 1,080.10                             | 911.96                               |
| Other income   | 17    | 2.24                                 | 4.32                                 |
| <b>Total income ( I )</b>  |       | <b>1,082.34</b>                      | <b>916.28</b>                        |
| <b>II. EXPENSES</b>  |       |                                      |                                      |
| Cost of materials consumed   | 18    | 274.15                               | 97.14                                |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade            | 19    | (127.13)                             | (11.99)                              |
| Employee benefits expenses   | 20    | 99.55                                | 78.87                                |
| Other expenses   | 21    | 288.71                               | 148.41                               |
| <b>Total expenses ( II )</b>   |       | <b>535.28</b>                        | <b>312.43</b>                        |
| <b>III. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)</b> |       | <b>547.06</b>                        | <b>603.85</b>                        |
| Depreciation and amortisation  | 3&32A | 107.97                               | 67.95                                |
| Finance income   | 22    | (1.62)                               | (0.98)                               |
| Finance costs  | 23    | 127.70                               | 99.35                                |
| <b>IV. Profit before tax</b>   |       | <b>313.01</b>                        | <b>437.53</b>                        |
| <b>V. Tax expense</b>  | 27    |                                      |                                      |
| Current tax  |       | 71.93                                | 67.80                                |
| Deferred tax   |       | 19.02                                | 57.10                                |
| <b>Total tax expense</b>   |       | <b>90.95</b>                         | <b>124.90</b>                        |
| <b>VI. Profit for the year (IV-V)</b>  |       | <b>222.06</b>                        | <b>312.63</b>                        |
| <b>Other comprehensive income (OCI)</b>  | 24    |                                      |                                      |
| <b>Items that will not be reclassified to profit or loss:</b>                            |       |                                      |                                      |
| Remeasurement gains/(losses) on defined benefit plans                                    |       | (0.15)                               | 0.04                                 |
| Tax on remeasurement of defined benefit plans  |       | 0.04                                 | (0.01)                               |
| <b>Total other comprehensive income for the year, net of tax</b>                         |       | <b>(0.11)</b>                        | <b>0.03</b>                          |
| <b>Total comprehensive income for the year, net of tax</b>                               |       | <b>221.95</b>                        | <b>312.66</b>                        |
| <b>Earnings per equity share Rs. 10/- each fully paid</b>                                | 25    |                                      |                                      |
| Computed on the basis of total profit for the year                                       |       |                                      |                                      |
| <b>Basic (Rs.)</b>   |       | <b>2,220.60</b>                      | <b>3,126.32</b>                      |
| <b>Diluted (Rs.)</b>   |       | <b>2,220.60</b>                      | <b>3,126.32</b>                      |
| Summary of significant accounting policies   | 2.2   |                                      |                                      |

The accompanying notes are an integral part of the financial statements.  
In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants  
Firm Registration Number : 0080725

  
**Ganesh Balakrishnan**  
Partner  
Membership No.201193



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

  
**Narasimha Rao Chava**  
Director  
DIN: 08836445

  
**Sita Ramaiah Ch**  
Director  
DIN: 08210856

Place: Hyderabad  
Date: April 20, 2023

Place: Hyderabad  
Date: April 20, 2023



# Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

## Statement of Changes in Equity for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

### a. Equity share capital

Equity shares of Rs.10 each, fully paid up

As at March 31, 2021

Issued during the year

As at March 31, 2022

Issued during the year

As at March 31, 2023

|                        | No.     | Rs.  |
|------------------------|---------|------|
| As at March 31, 2021   | 100,000 | 1.00 |
| Issued during the year | -       | -    |
| As at March 31, 2022   | 100,000 | 1.00 |
| Issued during the year | -       | -    |
| As at March 31, 2023   | 100,000 | 1.00 |

### b. Other equity

| Particulars          | Reserves and surplus | Other comprehensive income                                       | Total    |
|----------------------|----------------------|--|----------|
|                      | Retained Earnings    | Re-measurement gains or losses on employee defined benefit plans |          |
| As at March 31, 2021 | (128.80)             | -  | (128.80) |
| Profit for the year  | 312.63               | 0.03   | 312.66   |
| As at March 31, 2022 | 183.83               | 0.03   | 183.86   |
| Profit for the year  | 222.06               | (0.11)   | 221.95   |
| As at March 31, 2023 | 405.89               | (0.08)   | 405.81   |

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

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Firm Registration Number : 008072S

Ganesh Balakrishnan

Partner

Membership No.201193



For and on behalf of the Board of Directors

Laurus Synthesis Private Limited

Narasimha Rao Chava

Director

DIN: 08836445

Place: Hyderabad

Date: April 20, 2023

Sita Ramaiah Ch

Director

DIN: 08210856



Place: Hyderabad

Date: April 20, 2023

Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Cash Flow Statement for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Profit before tax   | 313.01                               | 437.54                               |
| <b>Cash flows from operating activities</b>   |                                      |                                      |
| Adjustments for :   |                                      |                                      |
| Depreciation and amortisation   | 107.97                               | 67.95                                |
| Loss on sale of fixed assets (net)  | 0.00                                 | 0.05                                 |
| Finance income  | (1.62)                               | (0.98)                               |
| Interest expense  | 122.07                               | 99.35                                |
| Net loss on foreign exchange fluctuations (unrealised)  | 0.02                                 | 0.07                                 |
| Allowance for bad and doubtful advance and debts  | 0.72                                 | -                                    |
| <b>Operating profit before working capital changes</b>  | <b>542.17</b>                        | <b>603.98</b>                        |
| <b>Movement in working capital:</b>   |                                      |                                      |
| Increase in inventories   | (157.54)                             | (56.61)                              |
| Increase in trade receivables   | (215.16)                             | (31.16)                              |
| (Increase)/Decrease in financial and non-financial assets   | 149.93                               | (215.38)                             |
| Increase/(Decrease) in trade payables   | 173.32                               | (33.57)                              |
| Increase in financial, non-financial liabilities and provisions   | 433.31                               | 641.52                               |
| <b>Cash generated from operations</b>   | <b>926.03</b>                        | <b>908.78</b>                        |
| Income tax paid   | (89.93)                              | (71.14)                              |
| <b>Net cash flows from operating activities (A)</b>   | <b>836.10</b>                        | <b>837.64</b>                        |
| <b>Cash flows used in investing activities</b>  |                                      |                                      |
| Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances | (1,957.04)                           | (841.58)                             |
| Proceeds from sale of property, plant and equipment   | 13.34                                | -                                    |
| Interest received   | 1.62                                 | 0.27                                 |
| <b>Net cash flows used in investing activities (B)</b>  | <b>(1,942.08)</b>                    | <b>(841.31)</b>                      |
| <b>Net cash flows from financing activities</b>   |                                      |                                      |
| Proceeds from long - term borrowings (net)  | 1,203.81                             | 355.00                               |
| Proceeds from short - term borrowings (net)   | 23.08                                | 30.74                                |
| Payment of lease liabilities  | (3.08)                               | (249.16)                             |
| Interest paid   | (122.07)                             | (135.79)                             |
| <b>Net cash flows from financing activities (C)</b>   | <b>1,101.74</b>                      | <b>0.79</b>                          |
| Net decrease in cash and cash equivalents (A+B+C)   | (4.23)                               | (2.88)                               |
| Cash and cash equivalents at the beginning of the year  | 4.39                                 | 7.27                                 |
| <b>Cash and cash equivalents at the end of the year</b>   | <b>0.16</b>                          | <b>4.39</b>                          |
| <b>Components of cash and cash equivalents:</b>   |                                      |                                      |
| Cash on hand  | 0.06                                 | 0.25                                 |
| Balances with banks   |                                      |                                      |
| On current accounts   | 0.10                                 | 4.14                                 |
| <b>Total cash and cash equivalents</b>  | <b>0.16</b>                          | <b>4.39</b>                          |

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

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants  
Firm Registration Number : 008072S

Ganesh Balakrishnan  
Partner  
Membership No.201193



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

Narasimha Rao Chava  
Director  
DIN: 08836445

Sita Ramaiah Ch  
Director  
DIN: 08210856

Place: Hyderabad  
Date: April 20, 2023

Place: Hyderabad  
Date: April 20, 2023



# Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

## Notes to financial statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless 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 financial statements of the Company for the year ended March 31, 2022 were audited by Ramasamy Koteswara Rao and Co LLP, Chartered Accountants, the predecessor auditor.

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 20, 2023.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

(a) The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS'), under the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS Compliant Schedule III).

#### 2.2 Summary of significant accounting policies

##### (a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

##### (b) Foreign currencies

The financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

##### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. 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

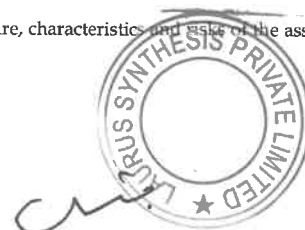
For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as 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.



*Signature*



# Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Notes to financial statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

## (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 towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. 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.

### 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. Amount representing the profit share component is recognized as revenue only to the extent that it is highly probable that a significant reversal will not occur.

### Sale of services

Revenue from services rendered, which primarily relate to contract research, is recognised in the statement of profit and loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

### Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### Interest income

For all debt financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. Interest income is included in finance income in the Statement of Profit and Loss.

## (e) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## (f) Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income ("OCI") or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

### Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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





# Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

## Notes to financial statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

### (g) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life. Freehold land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

|                        |   |               |
|------------------------|---|---------------|
| Factory buildings      | : | 30 years      |
| Other buildings        | : | 60 years      |
| Plant and equipment    | : | 5 to 20 years |
| Furniture and fixtures | : | 10 years      |
| Computers              | : | 3 to 6 years  |

The Company, based on technical assessment and management estimate, depreciates certain items of plant and equipment and vehicles over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### (h) Intangible assets

#### Computer Software

Costs relating to software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of five years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

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

### (i) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Company as a lessee

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

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

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

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### (j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.



# Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Notes to financial statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

## (k) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on weighted average basis.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Stores, spares and packing materials are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## (l) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group 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.

## (m) 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.

## (n) Retirement and other employee benefits

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

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

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

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

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The Company treats accumulated leaves which are to be settled after 12 months as a long-term employee benefit and accumulated leaves which are to be settled in the next 12 months as a short-term employee benefit for measurement purposes. Such accumulated leaves are provided for based on an actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.



# Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

## Notes to financial statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

### (o) 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 initially measured (initial recognition amount) at their transaction price (as defined in Ind AS 115) unless those contain a significant financing component determined in accordance with Ind AS 115. 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:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. This category generally applies to trade and other receivables. For 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:

- the rights to receive cash flows from the asset have expired, or
- 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
  - the Company has transferred substantially all the risks and rewards of the asset, or
  - 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:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits and bank balances.
- Trade receivables that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition.

If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates the following provision matrix at the reporting date:

| Particulars             | % of provision on outstanding receivables |
|-------------------------|---|
| > 1 year and < 2 years  | 25%                                       |
| > 2 years and < 3 years | 50%                                       |
| > 3 years               | 100%                                      |



# Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Notes to financial statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless 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 recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit or Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit or Loss. The Company has not designated any financial liability as at fair value through profit and

### 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 and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### (p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### (q) 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.

### (r) New standards and interpretations not yet adopted

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

### Ind AS 1 - Presentation of Financial Statements

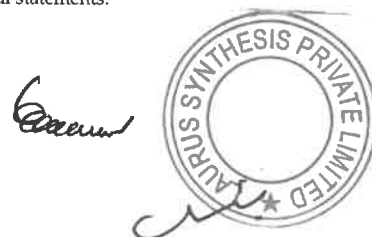
The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

### Ind AS 12 - Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company has evaluated the amendment and there is no impact on its financial statements.

### Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.



# Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

## 3A. Property, plant and equipment

| Particulars                 | Freehold land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Computers | Total Property, plant and equipment |
|-----------------------------|---------------|-----------|---------------------|------------------------|----------|-----------|-------------------------------------|
| <b>Gross carrying value</b> |               |           |                     |                        |          |           |                                     |
| As at March 31, 2021        | 38.49         | 119.71    | 458.19              | 3.06                   | -        | 7.72      | 627.17                              |
| Additions                   | 448.18        | -         | -                   | -                      | -        | -         | 448.18                              |
| Disposals                   | -             | -         | (2.79)              | -                      | -        | -         | (2.79)                              |
| As at March 31, 2022        | 486.67        | 119.71    | 455.40              | 3.06                   | -        | 7.72      | 1,072.56                            |
| Additions                   | -             | 163.20    | 348.46              | 17.05                  | 0.90     | 4.74      | 534.35                              |
| Disposals                   | -             | -         | (13.87)             | -                      | -        | -         | (13.87)                             |
| As at March 31, 2023        | 486.67        | 282.91    | 789.99              | 20.11                  | 0.90     | 12.46     | 1,593.04                            |
| <b>Depreciation</b>         |               |           |                     |                        |          |           |                                     |
| As at March 31, 2021        | -             | 5.72      | 43.24               | 0.43                   | -        | 1.31      | 50.70                               |
| Charge for the year         | -             | 6.85      | 51.74               | 0.50                   | -        | 1.57      | 60.66                               |
| Disposals                   | -             | -         | (0.21)              | -                      | -        | -         | (0.21)                              |
| As at March 31, 2022        | -             | 12.57     | 94.77               | 0.93                   | -        | 2.88      | 111.15                              |
| Charge for the year         | -             | 11.09     | 82.41               | 2.61                   | 0.11     | 2.59      | 98.81                               |
| Disposals                   | -             | -         | (0.53)              | -                      | -        | -         | (0.53)                              |
| As at March 31, 2023        | -             | 23.66     | 176.65              | 3.54                   | 0.11     | 5.47      | 209.43                              |
| <b>Net carrying value</b>   |               |           |                     |                        |          |           |                                     |
| As at March 31, 2022        | 486.67        | 107.14    | 360.63              | 2.13                   | -        | 4.84      | 961.41                              |
| As at March 31, 2023        | 486.67        | 259.25    | 613.34              | 16.57                  | 0.79     | 6.99      | 1,383.61                            |

### Notes:

(i) Pledge on Property, plant and equipment:

Property, plant and equipment (other than vehicles) with a carrying amount of Rs. 1,382.82 (March 31, 2022 : Rs.961.41) 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 and 11B.

(ii) All the title deeds of Immovable properties are held in the name of the Company. The Company has not revalued it's Property, Plant & Equipment

## 3B. Capital work-in-progress (CWIP):

(i) CWIP includes borrowing cost of Rs.16.23 which is capitalized during the year

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

For the year ended March 31, 2023

| Particulars          | Amount in CWIP for a period of |           |           |                   | Total    |
|----------------------|--------------------------------|-----------|-----------|-------------------|----------|
|                      | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years |          |
| Projects in progress | 1,878.38                       | 10.23     | 24.25     | -                 | 1,912.87 |

For the year ended March 31, 2022

| Particulars          | Amount in CWIP for a period of |           |           |                   | Total  |
|----------------------|--------------------------------|-----------|-----------|-------------------|--------|
|                      | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years |        |
| Projects in progress | 413.60                         | 116.74    | -         | -                 | 530.34 |

(iii) There is no CWIP whose completion is overdue or has exceeded its cost compared to its original plan.

## 3C. Intangible Assets

| Particulars                 | Computer Software | Total Intangible Assets |
|-----------------------------|-------------------|-------------------------|
| <b>Gross carrying value</b> |                   |                         |
| As at March 31, 2021        | 3.86              | 3.86                    |
| Additions                   | -                 | -                       |
| Disposals                   | -                 | -                       |
| As at March 31, 2022        | 3.86              | 3.86                    |
| Additions                   | 1.54              | 1.54                    |
| Disposals                   | -                 | -                       |
| As at March 31, 2023        | 5.40              | 5.40                    |
| <b>Amortisation</b>         |                   |                         |
| As at March 31, 2021        | 0.82              | 0.82                    |
| Charge for the year         | 0.99              | 0.99                    |
| Disposals                   | -                 | -                       |
| As at March 31, 2022        | 1.81              | 1.81                    |
| Charge for the year         | 1.23              | 1.23                    |
| Disposals                   | -                 | -                       |
| As at March 31, 2023        | 3.04              | 3.04                    |
| <b>Net carrying value</b>   |                   |                         |
| As at March 31, 2022        | 2.05              | 2.05                    |
| As at March 31, 2023        | 2.36              | 2.36                    |



# Laurus Synthesis Private Limited

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Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

## 4. Financial assets

### A. Loans

| Particulars   | As at March 31 ,2023 | As at March 31 ,2022 |
|---|----------------------|----------------------|
| <b>Current (unsecured, considered good unless otherwise stated)</b> |                      |                      |
| Other loans   |                      |                      |
| - Loans to employees  | 0.20                 | 0.10                 |
| <b>Total</b>  | <b>0.20</b>          | <b>0.10</b>          |

### B. Other financial assets

| Particulars   | As at March 31 ,2023 | As at March 31 ,2022 |
|---|----------------------|----------------------|
| <b>Non-current (unsecured, considered good unless stated otherwise)</b> |                      |                      |
| Security deposits   | 7.72                 | 11.59                |
| Margin Money  | -                    | 113.50               |
| Export and other incentives receivable *                                | -                    | 0.06                 |
| <b>Total</b>  | <b>7.72</b>          | <b>125.15</b>        |

\* Export and other incentives have been recognized on the following:

a) Incentive in the form of duty credit scrip upon sale of exports under Merchandise Exports from India Scheme under Foreign Trade Policy of India 2015-20.

b) Existing Foreign Trade Policy 2015-20, has been extended till September 30, 2022 vide notification no.64/2015-2020 dated 31.03.2022 & Public Notice No.53/2015-2020 dated 31.03.2022

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

| Particulars   | As at March 31 ,2023 | As at March 31 ,2022 |
|---|----------------------|----------------------|
| <b>Deferred tax liability</b>   |                      |                      |
| Income tax at the applicable rate on the difference between the aggregate book written down value and tax written down value of property, plant and equipment | (33.91)              | (12.90)              |
|   | (A)                  | (12.90)              |
| <b>Deferred tax asset</b>   |                      |                      |
| Other items giving raise to temporary differences   | 3.09                 | 1.06                 |
|   | (B)                  | 1.06                 |
| <b>Deferred tax assets/(liabilities) (Net)</b>  | <b>(A+B)</b>         | <b>(11.84)</b>       |

### For the year ended March 31, 2023:

| Particulars                                      | Opening balance | Recognised / utilized during the year | Recognised in other comprehensive income | Closing Balance |
|--|-----------------|---------------------------------------|--|-----------------|
| Accelerated depreciation for tax purposes        | (12.90)         | (21.01)                               | -  | (33.91)         |
| Other items giving rise to temporary differences | 1.06            | 1.99                                  | 0.04                                     | 3.09            |
| <b>Total</b>                                     | <b>(11.84)</b>  | <b>(19.02)</b>                        | <b>0.04</b>                              | <b>(30.82)</b>  |

### For the year ended March 31, 2022:

| Particulars   | Opening balance | Recognised / utilized during the year | Recognised in other comprehensive income | Closing Balance |
|---|-----------------|---------------------------------------|--|-----------------|
| Accelerated depreciation for tax purposes                 | (8.67)          | (4.23)                                | -  | (12.90)         |
| Carry forward business losses and unabsorbed depreciation | 53.94           | (53.94)                               | -  | -               |
| Other items giving rise to temporary differences          | -               | 1.07                                  | (0.01)                                   | 1.06            |
| <b>Total</b>  | <b>45.27</b>    | <b>(57.10)</b>                        | <b>(0.01)</b>                            | <b>(11.84)</b>  |

## 6. Other assets

| Particulars  | As at March 31 ,2023 | As at March 31 ,2022 |
|--|----------------------|----------------------|
| <b>A) Non-current (unsecured, considered good unless otherwise stated)</b> |                      |                      |
| Capital advances   | 415.97               | 9.73                 |
|  | 415.97               | 9.73                 |
| Less: Allowance for doubtful advances                                      | (0.43)               | -                    |
| <b>Total</b>   | <b>415.54</b>        | <b>9.73</b>          |
| <b>B) Current (unsecured, considered good unless otherwise stated)</b>     |                      |                      |
| Advances recoverable in cash or kind                                       | 40.51                | 73.70                |
| Prepayments  | 1.44                 | 1.71                 |
| Balances with statutory/Government authorities                             | 59.02                | 59.22                |
| Interest receivable  | -                    | 0.72                 |
| Others   | 2.20                 | -                    |
| <b>Total</b>   | <b>103.17</b>        | <b>135.35</b>        |



# Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

## Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

### 7. Inventories

| Particulars                                 | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| (At lower of cost and net realisable value) |                      |                      |
| Raw materials                               | 76.22                | 46.56                |
| Work-in-progress                            | 138.93               | 11.99                |
| Finished goods                              | 0.36                 | 0.17                 |
| Stores, spares and packing materials        | 14.18                | 13.43                |
| <b>Total</b>                                | <b>229.69</b>        | <b>72.15</b>         |

### 8. Trade receivables

| Particulars   | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Unsecured   |                      |                      |
| Considered good                                     | 105.87               | 24.85                |
| Receivable from related parties (Refer note no. 28) | 182.06               | 48.07                |
| Credit impaired                                     | 0.30                 | -                    |
|   | <b>288.23</b>        | <b>72.92</b>         |
| Less: Allowance for doubtful debts                  | (0.30)               | -                    |
|   | <b>287.93</b>        | <b>72.92</b>         |

a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

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

c) Of the trade receivables balance, Rs. 182.06 in aggregate (as at March 31, 2022 Rs. 48.07) is due from the parent company representing more than 5 % of the total trade receivables balance and accounted for approximately 63% (March 31, 2022: 66%) of all the receivables outstanding.

d) The Company has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking estimates. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates used in the provision matrix.

| Movement in the expected credit loss allowance                  | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Balance at the beginning of the year                            | -                    | -                    |
| Movement in expected credit loss allowance on trade receivables | 0.30                 | -                    |
| <b>Balance at the end of the year</b>                           | <b>0.30</b>          | <b>-</b>             |

### Trade Receivables ageing schedule for the year ended March 31, 2023:

| Particulars   | Not Due       | Outstanding from due date of payment |                   |             | Total         |
|---|---------------|--------------------------------------|-------------------|-------------|---------------|
|   |               | Less than 6 months                   | 6 months - 1 year | 1- 2 years  |               |
| i) Undisputed Trade receivables - considered good                                 | 134.08        | 153.85                               | -                 | -           | 287.93        |
| ii) Undisputed Trade receivables - which have significant increase in credit risk | -             | -                                    | -                 | -           | -             |
| iii) Undisputed Trade receivables - credit impaired                               | -             | -                                    | -                 | 0.30        | 0.30          |
| iv) Disputed Trade receivables - considered good                                  | -             | -                                    | -                 | -           | -             |
| v) Disputed trade receivables - which have significant increase in credit risk    | -             | -                                    | -                 | -           | -             |
| vi) Disputed trade receivables - credit impaired                                  | -             | -                                    | -                 | -           | -             |
| <b>Total</b>  | <b>134.08</b> | <b>153.85</b>                        | <b>-</b>          | <b>0.30</b> | <b>288.23</b> |

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

| Particulars   | Not Due      | Outstanding from due date of payment |                   |            | Total        |
|---|--------------|--------------------------------------|-------------------|------------|--------------|
|   |              | Less than 6 months                   | 6 months - 1 year | 1- 2 years |              |
| i) Undisputed Trade receivables - considered good                                 | 66.87        | 6.05                                 | -                 | -          | 72.92        |
| ii) Undisputed Trade receivables - which have significant increase in credit risk | -            | -                                    | -                 | -          | -            |
| iii) Undisputed Trade receivables - credit impaired                               | -            | -                                    | -                 | -          | -            |
| iv) Disputed Trade receivables  | -            | -                                    | -                 | -          | -            |
| v) Disputed trade receivables - which have significant increase in credit risk    | -            | -                                    | -                 | -          | -            |
| vi) Disputed trade receivables - credit impaired                                  | -            | -                                    | -                 | -          | -            |
| <b>Total</b>  | <b>66.87</b> | <b>6.05</b>                          | <b>-</b>          | <b>-</b>   | <b>72.92</b> |

### 9. Cash and cash equivalents and other bank balances

| Particulars               | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------|----------------------|----------------------|
| Cash and cash equivalents |                      |                      |
| Balances with banks       |                      |                      |
| - On current accounts     | 0.10                 | 4.14                 |
| Cash on hand              | 0.06                 | 0.25                 |
| <b>Total</b>              | <b>0.16</b>          | <b>4.39</b>          |



# Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

## Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

### 10. Equity share capital

| Particulars   | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| <b>Authorised</b>   |                      |                      |
| 15,000,000 Equity shares of Rs.10/- each (March 31,2022 100,000 Equity shares of Rs.10/- each)* | 150.00               | 1.00                 |
| <b>Total</b>  | <b>150.00</b>        | <b>1.00</b>          |
| <b>Issued, Subscribed and Paid Up</b>   |                      |                      |
| 100,000 Equity shares of Rs.10/- each fully paid (March 31,2022 Rs.10/- each)                   | 1.00                 | 1.00                 |
| <b>Total</b>  | <b>1.00</b>          | <b>1.00</b>          |

\* Authorized share capital has been increased from 1,000,000 to 150,000,000 during the current year

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

|   | As at March 31, 2023 |             | As at March 31, 2022 |             |
|---|----------------------|-------------|----------------------|-------------|
|   | No.                  | Rs.         | No.                  | Rs.         |
| <b>Equity Shares of Rs.10 each, fully paid up</b> |                      |             |                      |             |
| Balance as per last financial statements          | 100,000              | 1.00        | 100,000              | 1.00        |
| Issued during the year                            | -                    | -           | -                    | -           |
| <b>Outstanding at the end of the year</b>         | <b>100,000</b>       | <b>1.00</b> | <b>100,000</b>       | <b>1.00</b> |

### 10.2 Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company. For liquidation terms refer note 10.2(a)

### 10.2(a) Liquidation terms and preferential rights

The liquidation terms of the equity shares are as follows:

- If the company shall be wound up, the Liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act divide amongst the shareholders, in specie or kind the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

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

| Particulars                                   | As at March 31, 2023 |        | As at March 31, 2022 |        |
|---|----------------------|--------|----------------------|--------|
|   | % Holding            | No.    | % Holding            | No.    |
| <b>Equity shares of Rs. 10/- each held by</b> |                      |        |                      |        |
| Laurus Labs Limited                           | 100%                 | 99,999 | 100%                 | 99,999 |
| Dr. Satyanarayana Chava                       | 0.00%                | 1      | 0.00%                | 1      |

### 10.4 Details of shares held by the promoters of the Company:

#### Shares held by promoters at the end of March 31, 2023

| Promoter Name           | No of shares   | % of total shares | % Change during the year |
|-------------------------|----------------|-------------------|--------------------------|
| Laurus Labs Limited     | 99,999         | 100%              | -                        |
| Dr. Satyanarayana Chava | 1              | 0%                | -                        |
| <b>Total</b>            | <b>100,000</b> | <b>100%</b>       | <b>-</b>                 |

#### 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     | 99,999         | 100%              | -                        |
| Dr. Satyanarayana Chava | 1              | 0%                | -                        |
| <b>Total</b>            | <b>100,000</b> | <b>100%</b>       | <b>-</b>                 |





# Laurus Synthesis Private Limited

CIN: U24110TG2020PTC140333

Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

## 11. Financial liabilities

| Particulars  | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| <b>A) Non-current borrowings</b>                           |                      |                      |
| Term loans   |                      |                      |
| Indian rupee loans from banks (Secured) (a & b)            | 1,535.71             | 279.15               |
| Loans from Group Companies (Unsecured) (Refer note no. 28) | 555.00               | 757.19               |
| <b>Total</b>   | <b>2,090.71</b>      | <b>1,036.34</b>      |
| <b>Current maturities of non-current borrowings</b>        |                      |                      |
| Term loans   |                      |                      |
| Indian rupee loans from banks (Secured) (a & b)            | 239.44               | 140.00               |
| Loans from Group Companies (Unsecured) (Refer note no. 28) | 50                   | -                    |
|  | <b>289.44</b>        | <b>140.00</b>        |
| Less: Amount disclosed under the head "current borrowings" | (289.44)             | (140.00)             |
| <b>Total</b>   | <b>-</b>             | <b>-</b>             |
| <b>B) Current borrowings</b>                               |                      |                      |
| Cash credits and working capital demand loans              |                      |                      |
| Indian rupee loans from banks (Secured)                    | 53.82                | 30.74                |
| Current maturities of non-current borrowings               | 289.44               | 140.00               |
| <b>Total</b>   | <b>343.26</b>        | <b>170.74</b>        |

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

| Name of the Bank       | Outstanding as on March 31, 2023 | Outstanding as on March 31, 2022 | Sanction Amount | No. of Instalments & Commencement of Instalments                               | Effective Interest rate                         |
|------------------------|----------------------------------|----------------------------------|-----------------|--|---|
| DBS Bank India Limited | 279.45                           | 419.15                           | 480             | 16 quarterly instalments ranging from Rs. 15 to 35; Commencing from April 2021 | Repo plus 2.25% (March 31 2022: Repo plus 2.5%) |
| State Bank of India    | 1,495.70                         | -                                | 1,500           | 28 quarterly instalments ranging from Rs. 25 to 75; Commencing from June 2023  | Repo plus 1.25%                                 |

b) Term Loans are secured by pari passu first charge on fixed assets (both present & future) and pari passu second charge on current assets of the company and are also backed by corporate guarantee issued by Laurus Labs Limited.

Current borrowings are availed in Rupee. Interest on rupee loans at Repo plus 1.35%. These borrowings are secured by pari passu first charge on the current assets and pari passu second charge on fixed assets of the company, and are also backed by corporate guarantee from Laurus Labs Limited.

c) The Company has used the borrowings for the purposes for which it was taken.

d) The quarterly returns of current assets filed by the Company with banks are in agreement with the books of account.

### C) Trade payables

| Particulars  | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| <b>Valued at amortised cost</b>  |                      |                      |
| - Total outstanding dues to creditors other than micro enterprises and small enterprises | 138.03               | 76.69                |
| - Outstanding dues to related parties (Refer note no. 28)                                | 56.37                | 10.92                |
| <b>Total</b>   | <b>194.40</b>        | <b>87.61</b>         |
| - Total outstanding dues to micro enterprises and small enterprises (Refer note no. 29)  | 79.31                | 12.91                |
| <b>Total</b>   | <b>79.31</b>         | <b>12.91</b>         |

### Trade Payables ageing schedule for the year ended March 31, 2023

| Particulars                | Unbilled     | Not due      | Outstanding from due date of payment |           |           | Total         |
|----------------------------|--------------|--------------|--------------------------------------|-----------|-----------|---------------|
|                            |              |              | Less than 1 Year                     | 1-2 Years | 2-3 Years |               |
| i) MSME                    | -            | 79.31        | -                                    | -         | -         | 79.31         |
| ii) Others                 | 18.93        | 11.98        | 163.49                               | -         | -         | 194.40        |
| iii) Disputed dues - MSME  | -            | -            | -                                    | -         | -         | -             |
| iv) Disputed dues - Others | -            | -            | -                                    | -         | -         | -             |
| <b>Total</b>               | <b>18.93</b> | <b>91.29</b> | <b>163.49</b>                        | <b>-</b>  | <b>-</b>  | <b>273.71</b> |

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

| Particulars                | Unbilled    | Not due      | Outstanding from due date of payment |           |           | Total         |
|----------------------------|-------------|--------------|--------------------------------------|-----------|-----------|---------------|
|                            |             |              | Less than 1 Year                     | 1-2 Years | 2-3 Years |               |
| i) MSME                    | -           | 12.91        | -                                    | -         | -         | 12.91         |
| ii) Others                 | 8.03        | 15.18        | 64.40                                | -         | -         | 87.61         |
| iii) Disputed dues - MSME  | -           | -            | -                                    | -         | -         | -             |
| iv) Disputed dues - Others | -           | -            | -                                    | -         | -         | -             |
| <b>Total</b>               | <b>8.03</b> | <b>28.09</b> | <b>64.40</b>                         | <b>-</b>  | <b>-</b>  | <b>100.52</b> |



**Laurus Synthesis Private Limited**

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Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

| 12. Other Financial Liabilities   |   |                      |                      |
|---|---|----------------------|----------------------|
|   | Particulars                                 | As at March 31, 2023 | As at March 31, 2022 |
|   | Capital creditors                           | 444.98               | 77.37                |
|   | Interest accrued *                          | 10.22                | 2.32                 |
|   | <b>Total</b>                                | <b>455.20</b>        | <b>79.69</b>         |
| * Interest accrued but not due is normally settled monthly/quarterly through out the financial year |   |                      |                      |
| 13. Other Non-current and Current Liabilities   |   |                      |                      |
|   | Particulars                                 | As at March 31, 2023 | As at March 31, 2022 |
| <b>A) Non-current</b>   |   |                      |                      |
|   | Advances from customers                     | 795.08               | -                    |
|   | <b>Total</b>                                | <b>795.08</b>        | <b>-</b>             |
| <b>B) Current</b>   |   |                      |                      |
|   | Advances from customers                     | 266.98               | 647.47               |
|   | Statutory dues                              | 9.22                 | 1.55                 |
|   | <b>Total</b>                                | <b>276.20</b>        | <b>649.02</b>        |
| 14. Provisions  |   |                      |                      |
|   | Particulars                                 | As at March 31, 2023 | As at March 31, 2022 |
| <b>A) Non-current provisions</b>  |   |                      |                      |
|   | Provision for gratuity ( Refer note no. 30) | 4.31                 | 2.28                 |
|   | Provision for compensated absences          | 3.80                 | 2.19                 |
|   | <b>Total</b>                                | <b>8.11</b>          | <b>4.47</b>          |
| <b>B) Current provisions</b>  |   |                      |                      |
|   | Provision for gratuity ( Refer note no. 30) | 0.01                 | 0.03                 |
|   | Provision for compensated absences          | 0.94                 | 0.57                 |
|   | <b>Total</b>                                | <b>0.95</b>          | <b>0.60</b>          |
| 15. Income tax assets/liabilities   |   |                      |                      |
|   | Particulars                                 | As at March 31, 2023 | As at March 31, 2022 |
| <b>A) Income tax assets</b>   |   |                      |                      |
|   | Advance tax                                 | 95.65                | 5.12                 |
|   | <b>Total</b>                                | <b>95.65</b>         | <b>5.12</b>          |
| <b>B) Income tax liabilities</b>  |   |                      |                      |
|   | Provision for taxes                         | 72.57                | -                    |
|   | <b>Total</b>                                | <b>72.57</b>         | <b>-</b>             |



# Laurus Synthesis Private Limited

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Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| <b>16. Revenue from operations</b>                    |                                      |                                      |
| <b>Sale of products</b>                               |                                      |                                      |
| Income from Sale of API, Intermediates and Conversion | 460.61                               | 61.94                                |
| Income from sale of traded goods                      | 40.92                                | 299.51                               |
|   | (A) <b>501.53</b>                    | <b>361.45</b>                        |
| <b>Sale of services</b>                               |                                      |                                      |
| Contract research services                            | 125.19                               | 549.09                               |
|   | (B) <b>125.19</b>                    | <b>549.09</b>                        |
| <b>Other operating revenue</b>                        |                                      |                                      |
| Sale of scrap   | 1.52                                 | 1.42                                 |
| Export and other incentives                           | 0.82                                 | -                                    |
| Others *  | 451.04                               | -                                    |
|   | (B) <b>453.38</b>                    | <b>1.42</b>                          |
| <b>Revenue from operations</b>                        | (A+B) <b>1,080.10</b>                | <b>911.96</b>                        |

\* Revenue derived from business support services to customers.

**(i) Disaggregated revenue information:**

Below is the disaggregation of the Company's revenue from contracts with customers:

|                                      | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Revenue from operations - Domestic   | 598.30                               | 342.76                               |
| Revenue from operations - Exports    | 481.80                               | 569.20                               |
| <b>Total</b>                         | <b>1,080.10</b>                      | <b>911.96</b>                        |
| <b>Timing of revenue recognition</b> |                                      |                                      |
| Goods transferred at a point of time | 503.87                               | 362.87                               |
| Services transferred over time       | 576.23                               | 549.09                               |
| <b>Total</b>                         | <b>1,080.10</b>                      | <b>911.96</b>                        |

**(iii) Details of contract balances**

|  | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Trade receivables (Refer note no. 8)       | 287.93         | 72.92          |
| Advance from customers (Refer note no. 13) | 1,062.05       | 647.47         |

(iv) The amount of revenue recognised from advances from customers at the beginning of the year Rs. 212.44 (March 31, 2022 : nil)

(v) Revenue from customers contributing more than 10% of total revenue amounts to Rs. 997.35 (March 31, 2022 : 898.43)

**17. Other income**

| Particulars                               | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Net gain on foreign exchange fluctuations | 2.24                                 | 4.32                                 |
| <b>Total</b>                              | <b>2.24</b>                          | <b>4.32</b>                          |

**18. Cost of materials consumed**

| Particulars                                 | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| <b>Raw materials consumed</b>               |                                      |                                      |
| Opening stock at the beginning of the year  | 46.56                                | 2.66                                 |
| Add : Purchases                             | 303.52                               | 140.43                               |
|   | <b>350.08</b>                        | <b>143.09</b>                        |
| Less : Closing stock at the end of the year | 76.22                                | 46.56                                |
|   | (A) <b>273.86</b>                    | <b>96.53</b>                         |
| Packing materials consumed                  | (B) 0.29                             | 0.61                                 |
| <b>Total</b>                                | (A+B) <b>274.15</b>                  | <b>97.14</b>                         |



# Laurus Synthesis Private Limited

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Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

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

| Particulars  | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| <b>Opening stock of inventories</b>  |                                      |                                      |
| Finished goods of API and Intermediates  | 0.17                                 | 0.17                                 |
| Work-in-progress of API and Intermediates  | 11.99                                | -                                    |
|  | <b>12.16</b>                         | <b>0.17</b>                          |
| <b>Closing stock of inventories</b>  |                                      |                                      |
| Finished goods of API and Intermediates  | 0.36                                 | 0.17                                 |
| Work-in-Progress of API and Intermediates  | 138.93                               | 11.99                                |
|  | <b>139.29</b>                        | <b>12.16</b>                         |
|  |                                      | -                                    |
| <b>(Increase)/Decrease in inventories of finished goods and work-in-progress</b> | <b>(127.13)</b>                      | <b>(11.99)</b>                       |
|  |                                      | -                                    |
| (Increase)/Decrease in finished goods of API and Intermediates                   | (0.19)                               | (0.00)                               |
| (Increase)/Decrease in Work-in-Progress of API and Intermediates                 | (126.94)                             | (11.99)                              |
| <b>(Increase)/Decrease in inventories of finished goods and work-in-progress</b> | <b>(127.13)</b>                      | <b>(11.99)</b>                       |

## 20. Employee benefits expenses

| Particulars                                    | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Salaries, allowances and wages                 | 70.87                                | 54.83                                |
| Contribution to provident fund and other funds | 4.92                                 | 4.11                                 |
| Gratuity expense (Refer note no. 30)           | 1.85                                 | 1.31                                 |
| Recruitment and training                       | 0.23                                 | 0.13                                 |
| Staff welfare expenses                         | 21.68                                | 18.49                                |
| <b>Total</b>                                   | <b>99.55</b>                         | <b>78.87</b>                         |

## 21. Other expenses

| Particulars   | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Consumption of stores and spares                    | 28.33                                | 37.61                                |
| Conversion charges                                  | 58.52                                | 4.91                                 |
| Factory maintenance                                 | 54.00                                | 35.64                                |
| Effluent treatment expenses                         | 22.46                                | 9.71                                 |
| Power and fuel                                      | 44.82                                | 23.58                                |
| Repairs and maintenance                             |                                      | -                                    |
| Plant and machinery                                 | 18.81                                | 12.61                                |
| Buildings   | 6.99                                 | 4.88                                 |
| Others  | 1.70                                 | 1.34                                 |
| Testing and analysis charges                        | 0.41                                 | 0.39                                 |
| Rent  | -                                    | 0.97                                 |
| Rates and taxes                                     | 5.96                                 | 7.14                                 |
| Insurance   | 5.64                                 | 4.05                                 |
| Printing and stationery                             | 0.71                                 | 0.65                                 |
| Consultancy and other professional charges          | 5.20                                 | 1.62                                 |
| Membership and subscription                         | 0.04                                 | 0.08                                 |
| Remuneration to auditors                            |                                      | -                                    |
| -Audit fee  | 0.75                                 | 0.30                                 |
| -Tax audit fee                                      | 0.30                                 | -                                    |
| -Limited review                                     | 0.45                                 | -                                    |
| Travelling and conveyance                           | 0.10                                 | 0.07                                 |
| Communication expenses                              | 1.23                                 | 0.89                                 |
| Loss on sale of property, plant and equipment (net) | 0.00                                 | 0.05                                 |
| Allowance for bad and doubtful advance and debts    | 0.72                                 | -                                    |
| Carriage outwards                                   | 0.06                                 | 0.67                                 |
| Other selling expenses                              | 0.06                                 | 0.01                                 |
| Business support services                           | 23.01                                | 1.22                                 |
| CSR expenditure (Refer note no.26)                  | 2.64                                 | 0.02                                 |
| Deposits written off                                | 5.75                                 | -                                    |
| Miscellaneous expenses                              | 0.05                                 | -                                    |
| <b>Total</b>  | <b>288.71</b>                        | <b>148.41</b>                        |



# Laurus Synthesis Private Limited

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Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

## 22. Finance Income

| Particulars                     | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Interest income on              |                                      |                                      |
| Electricity deposits and others | 1.62                                 | 0.98                                 |
| <b>Total</b>                    | <b>1.62</b>                          | <b>0.98</b>                          |

## 23. Finance costs

| Particulars                   | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Interest                      |                                      |                                      |
| - on term loans *             | 39.25                                | 29.04                                |
| - on working capital loans    | 5.43                                 | 0.28                                 |
| - on Intercompany loans       | 61.93                                | 65.83                                |
| - on others                   | 15.46                                | 2.10                                 |
| <b>Total interest expense</b> | <b>122.07</b>                        | <b>97.25</b>                         |
| Bank charges                  | 5.63                                 | 2.10                                 |
| <b>Total</b>                  | <b>127.70</b>                        | <b>99.35</b>                         |

\* Note: Borrowing costs of Rs. 16.23 has been capitalized and moved to CWIP. Capitalization rate considered is 7.25% p.a

## 24. Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

| Particulars  | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Remeasurement gains/(losses) on defined benefit plans  | (0.15)                               | 0.04                                 |
| Deferred tax on remeasurement of defined benefit plans | 0.04                                 | (0.01)                               |
| <b>Total</b>   | <b>(0.11)</b>                        | <b>0.03</b>                          |

## 25. Earnings per share (EPS)

| Particulars  | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| The following reflects the profit and share data used in the basic and diluted EPS computations: |                                      |                                      |
| Profit available for equity shareholders   | 222.06                               | 312.63                               |
| Weighted average number of equity shares in computing basic EPS                                  | 100,000                              | 100,000                              |
| Add: Effect of dilution  | -                                    | -                                    |
| Weighted Average number of Equity Shares in computing diluted earnings per share                 | 100,000                              | 100,000                              |
| Face value of each equity share (Rs.)  | 10.00                                | 10.00                                |
| Earnings per share   |                                      |                                      |
| - Basic (Rs.)  | 2,220.60                             | 3,126.32                             |
| - Diluted (Rs.)  | 2,220.60                             | 3,126.32                             |

## 26. Details of CSR Expenditure

As per the requirement of the Companies Act, 2013, gross amount required to be spent by the Company during the year is Rs.2.64 (March 31, 2022 : NIL). The nature of CSR activities undertaken by the company includes promoting education and health care. The details of CSR expenditure is given below.

| CSR Activities                            | For the year ended March 31, 2023 |                        | Total       |
|---|-----------------------------------|------------------------|-------------|
|   | In cash                           | Yet to be paid in cash |             |
| (i) Construction/acquisition of any asset | 2.00                              | -                      | 2.00        |
| (ii) On purposes other than (i) above     | 0.64                              | -                      | 0.64        |
| <b>Total</b>                              | <b>2.64</b>                       | <b>-</b>               | <b>2.64</b> |

There is no shortfall at the end of March 31, 2023 and March 31, 2022 in terms of amount required to be spent by the company.

The above amount of Rs. 2.08 is incurred thru Laurus Charitable Trust ( Refer note no.28)



**Laurus Synthesis Private Limited**

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**Notes to Financial Statements for the year ended March 31, 2023**

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

**27. Taxes****Income tax expense:****(a) Statement of Profit and Loss**

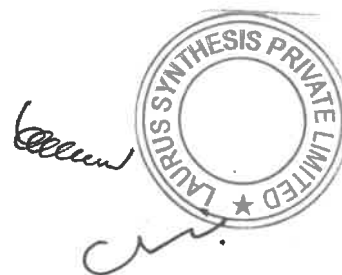
| Particulars   | For the year ended March<br>31, 2023 | For the year ended<br>March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Current tax   | 71.93                                | 67.80                                |
| Deferred tax credit   | 19.02                                | 57.10                                |
| <b>Total income tax expense/(income) recognised in Statement of Profit and Loss</b> | <b>90.95</b>                         | <b>124.90</b>                        |

**(ii) Other comprehensive income (OCI)**

| Particulars                                   | For the year ended March<br>31, 2023 | For the year ended<br>March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Tax on remeasurement of defined benefit plans | 0.04                                 | (0.01)                               |
| <b>Total tax recognised in OCI</b>            | <b>0.04</b>                          | <b>(0.01)</b>                        |

**(b) Reconciliation of effective tax rate:**

| Particulars                                    | For the year ended March<br>31, 2023 | For the year ended<br>March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Profit before tax (A)                          | 313.01                               | 437.53                               |
| Enacted tax rate in India (B)                  | 29.12%                               | 29.12%                               |
| Expected tax expenses (C = A*B)                | 91.15                                | 127.41                               |
| <b>Permanent Difference</b>                    |                                      |                                      |
| Expenses disallowed under Income Tax Act, 1961 | 6.31                                 | -                                    |
| Others   | (7.01)                               | (8.61)                               |
| Profit after adjusting permanent differences   | 312.30                               | 428.92                               |
| Expected tax expense                           | 90.94                                | 124.90                               |
| Total Tax expense                              | 90.95                                | 124.90                               |
| Effective tax rate                             | 29.06%                               | 28.55%                               |



## Laurus Synthesis Private Limited

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### Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

#### 28. 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                 | Fellow Subsidiary |
| iii) Laurus Holdings Limited                   | Fellow Subsidiary |
| iv) Laurus Generics Inc                        | Fellow Subsidiary |
| v) Laurus Generics GmbH                        | Fellow Subsidiary |
| vi) Laurus Generics SA (Pty) Limited           | Fellow Subsidiary |
| vii) Laurus Bio Private Limited                | Fellow Subsidiary |
| viii) Laurus Ingredients Private Limited       | Fellow Subsidiary |
| ix) Laurus Specialty Chemicals Private Limited | Fellow Subsidiary |

##### Key Management personnel

- Krishna Chaitanya Chava
- Narashimha Rao Chava
- Venkata Lakshmi Narasimha Rao Dammalapati
- Sita Ramaiah Chagarlamudi
- Soumya Chava

##### Enterprise over which Key Management Personnel exercise significant influence

- Laurus Charitable Trust

##### Transactions during the year :

|                                       | For the year ended<br>March 31, 2023 | For the year ended<br>March 31, 2022 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| <b>i) Laurus Labs Limited</b>         |                                      |                                      |
| Inter corporate loan net*             | (177.19)                             | 340.00                               |
| Interest on inter corporate loan      | 54.99                                | 65.57                                |
| Conversion income                     | 88.41                                | 44.31                                |
| Sale of goods                         | 49.06                                | 293.81                               |
| Asset sale                            | 15.14                                | 3.12                                 |
| Purchases                             | 13.25                                | 33.67                                |
| Asset purchases                       | 29.68                                | 2.79                                 |
| Other service expenses                | 28.01                                | 6.08                                 |
| Conversion charges                    | 58.52                                | 4.91                                 |
| Other operating revenue               | 451.04                               | -                                    |
| Interest on others                    | 9.72                                 | -                                    |
| <b>ii) Sriam labs private limited</b> |                                      |                                      |
| Rates & Taxes                         | -                                    | 0.62                                 |
| Inter corporate loan net              | 25.00                                | 75.00                                |
| Interest on Inter corporate loan      | 6.94                                 | 0.26                                 |
| <b>iii) Laurus Charitable Trust</b>   |                                      |                                      |
| Donations                             | 2.64                                 | -                                    |

##### Closing balances (Unsecured)

|  | As at March 31 ,2023 | March 31 ,2022 |
|--|----------------------|----------------|
| <b>i) Laurus Labs Limited</b>            |                      |                |
| Trade payable                            | 56.37                | 10.92          |
| Trade receivable                         | 182.06               | 48.07          |
| Inter corporate loan*                    | 505.00               | 682.19         |
| Interest payable on inter corporate loan | -                    | 0.00           |
| <b>ii) Sriam Labs Limited</b>            |                      |                |
| Inter corporate loan ^                   | 100.00               | 75.00          |

\*Net of loan availed Rs. 482.00. Maximum balance outstanding during the year Rs. 1064.20 ; (March 31, 2022 : Rs. 1432.10) loan taken for business purposes at the rate of interest 8.00% (March 31,2022 : 7.00%)

^ Loan taken for business purposes at the rate of interest 8.00% (March 31,2022 : 7.00%)



## Laurus Synthesis Private Limited

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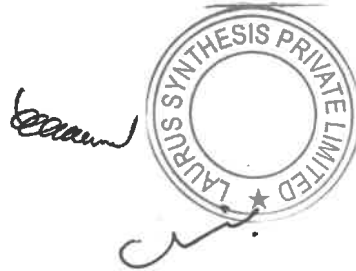
### Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

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

| Particulars   | As at March 31 ,2023 | March 31 ,2022 |
|---|----------------------|----------------|
| The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year   | 79.31                | 12.91          |
| The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year   | -                    | -              |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.   | -                    | -              |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; and   | -                    | -              |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006. | -                    | -              |
| <b>Total</b>  | <b>79.31</b>         | <b>12.91</b>   |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.





# Laurus Synthesis Private Limited

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## Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

### 30. 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, 2023 | March 31, 2022 |
|---|----------------|----------------|
| <b>i) Net employee benefit expense (recognised in Employee benefits expenses)</b> |                |                |
| Current service cost  | 1.68           | 1.24           |
| Interest cost   | 0.17           | 0.07           |
| Expected return on plan assets  | -              | -              |
| Net actuarial( gain) / loss recognised in the year                                | -              | -              |
| Benefits paid   | -              | -              |
| <b>Net employee benefit expenses</b>  | <b>1.85</b>    | <b>1.31</b>    |
| Actual return on plan asset   | -              | -              |
| <b>ii) Amount recognised in the Balance Sheet</b>                                 |                |                |
| Defined benefit obligation  | 4.32           | 2.32           |
| Fair value of plan assets   | -              | -              |
|   | <b>4.32</b>    | <b>2.32</b>    |
| <b>iii) Changes in the present value of the defined benefit obligation</b>        |                |                |
| <b>Opening defined benefit obligation</b>   | 2.32           | 1.05           |
| Current service cost  | 1.68           | 1.24           |
| Interest cost   | 0.17           | 0.07           |
| Benefits paid   | -              | -              |
| Net Actuarial (gains) / losses on obligation for the year recognised under OCI    | 0.15           | (0.04)         |
| <b>Closing defined benefit obligation</b>   | <b>4.32</b>    | <b>2.32</b>    |
| <b>Remeasurement adjustments:</b>   |                |                |
| Financial loss/ (gain) on plan assets   | (0.15)         | 0.04           |
| <b>Remeasurement gains/(losses) recognised in other comprehensive income:</b>     | <b>(0.15)</b>  | <b>0.04</b>    |

(a) The principal assumptions used in determining gratuity for the Company's plans are shown below:

|                                   | March 31, 2023 | March 31, 2022 |
|-----------------------------------|----------------|----------------|
| Discount rate                     | 7.51%          | 7.35%          |
| Expected rate of return on assets | 7.51%          | 7.35%          |
| Salary rise                       | 12.00%         | 12.00%         |
| Attrition Rate                    | 14.00%         | 14.00%         |

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

(b) Disclosure related to indication of effect of the defined benefit plan on the entity's future cashflows:

Expected benefit payments for the year ending:

| Year ending    | March 31, 2023 | March 31, 2022 |
|----------------|----------------|----------------|
| 1st year       | 0.01           | 0.03           |
| 2nd year       | 0.14           | -              |
| 3rd year       | 0.46           | 0.08           |
| 4th year       | 0.48           | 0.28           |
| 5th year       | 0.49           | 0.28           |
| Beyond 5 years | 2.74           | 1.65           |

The average duration of the defined benefit plan obligation at the end of the reporting period is 10.15 years (March 31, 2022: 10.92 years).

(c) Sensitivity analysis:

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

|   | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| <b>(i) Effect of 1% change in assumed discount rate</b>           |                |                |
| - 1% increase   | (0.37)         | (0.21)         |
| - 1% decrease   | 0.41           | 0.24           |
| <b>(ii) Effect of 1% change in assumed salary escalation rate</b> |                |                |
| - 1% increase   | 0.41           | 0.24           |
| - 1% decrease   | (0.37)         | (0.22)         |
| <b>(iii) Effect of 1% change in assumed attrition rate</b>        |                |                |
| - 1% increase   | (0.15)         | (0.10)         |
| - 1% decrease   | 0.16           | 0.11           |

(d) Defined Contribution Plan

|                                | March 31, 2023 | March 31, 2022 |
|--------------------------------|----------------|----------------|
| Contribution to Provident Fund | 4.59           | 3.72           |



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## Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

### 31. 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, 2023  | March 31, 2022  |
|---|-----------------|-----------------|
| Borrowings including interest accrued on borrowings (Note 11) | 2,444.19        | 1,209.40        |
| Less: Cash and short-term deposits (Note 9)                   | (0.16)          | (4.39)          |
| <b>Net debt</b>   | <b>2,444.03</b> | <b>1,205.01</b> |
| Equity  | 1.00            | 1.00            |
| Other equity  | 405.81          | 183.86          |
| <b>Total equity</b>   | <b>406.81</b>   | <b>184.86</b>   |
| Gearing ratio (Net debt/ Total equity)                        | 6.01            | 6.52            |

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

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023.



# Laurus Synthesis Private Limited

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## Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

### 32. 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, 2023 and for the year ended March 31, 2022

| Particulars     | March 31, 2023 | March 31, 2022 |
|-----------------|----------------|----------------|
| Opening Balance | 345.17         | 92.34          |
| Additions       | -              | 259.13         |
| Depreciation    | (7.93)         | (6.30)         |
| Closing Balance | 337.24         | 345.17         |

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

The following is the movement in lease liabilities during the year ended March 31, 2023 and March 31, 2022

| Particulars                          | March 31, 2023 | March 31, 2022 |
|--------------------------------------|----------------|----------------|
| Opening Balance                      | 25.80          | 17.66          |
| Additions                            | -              | 259.13         |
| Finance cost accrued during the year | -              | (1.83)         |
| Payment of lease liabilities         | (3.08)         | (249.16)       |
| Closing Balance                      | 22.72          | 25.80          |

The following is the break-up of current and non-current lease liabilities as at March 31, 2023 and March 31, 2022

| Particulars                   | March 31, 2023 | March 31, 2022 |
|-------------------------------|----------------|----------------|
| Non-current lease liabilities | 19.06          | 22.72          |
| Current lease liabilities     | 3.66           | 3.08           |
| Total                         | 22.72          | 25.80          |

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 and March 31, 2022 on discounted basis

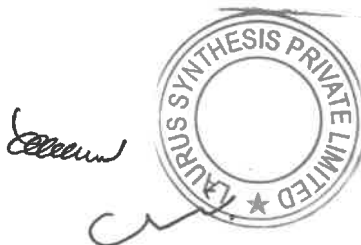
| Particulars                                 | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Within one year                             | 3.66           | 3.08           |
| After one year but not more than five years | 6.18           | 11.09          |
| More than five years                        | 12.88          | 11.62          |

#### B. Commitments

| Particulars  | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 1,449.24       | 537.56         |

#### C. Contingent Liabilities

| Particulars                 | March 31, 2023 | March 31, 2022 |
|-----------------------------|----------------|----------------|
| Outstanding Bank guarantees | 168.23         | 137.84         |



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Notes to Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees (Millions), except for share information or unless otherwise stated)

### 33. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### (A) Use of estimates, Judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note

##### (i) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

##### (ii) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 30.

##### (iii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 33 for further disclosures.

##### (iv) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

### 34. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

| Particulars                                     | Carrying value |                | Fair value     |                |
|---|----------------|----------------|----------------|----------------|
|   | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| <b>Financial assets at amortised cost:</b>      |                |                |                |                |
| Deposits and others                             | 7.72           | 125.15         | 7.72           | 125.15         |
| Trade receivables                               | 287.93         | 72.92          | 287.93         | 72.92          |
| Cash and cash equivalents                       | 0.16           | 4.39           | 0.16           | 4.39           |
| <b>Financial liabilities at amortised cost:</b> |                |                |                |                |
| Borrowings (Non-current and current)            | 2,433.97       | 1,207.08       | 2,433.97       | 1,207.08       |
| Interest accrued                                | 10.22          | 2.32           | 10.22          | 2.32           |
| Trade payables                                  | 273.71         | 100.51         | 273.71         | 100.51         |
| Capital creditors and others                    | 444.98         | 77.37          | 444.98         | 77.37          |
| Lease liabilities                               | 22.72          | 25.80          | 22.72          | 25.80          |

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of borrowings approximate their carrying amounts largely since they are carried at floating rate of interest.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.



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## Notes to Financial Statements for the year ended March 31, 2023

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### 35. Financial risk management objectives and policies

#### Financial risk management framework

The Company is exposed primarily to credit risk, liquidity risk and market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

#### A Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

#### Trade receivables:

The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. Of the trade receivables balance, Rs. 182.06 in aggregate (as at March 31, 2022 Rs. 48.07) is due from the parent company representing more than 5% of the total trade receivables balance and accounted for approximately 63% (March 31, 2022: 66%) of all the receivables outstanding. The Company's receivables turnover is quick and historically, there are no significant defaults on account of those customers in the past. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

#### Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 287.93 (March 2022: Rs. 72.92), being the total of the carrying amount of balances with trade receivables.

#### B Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

| Particulars   | Up to 1 Year    | 1 to 3 years    | 3 to 5 years | Total           |
|---|-----------------|-----------------|--------------|-----------------|
| <b>March 31, 2023:</b>                                |                 |                 |              |                 |
| Non-current borrowings (including current maturities) | 239.44          | 1,535.71        | -            | 1,775.15        |
| Current borrowings                                    | 53.82           | -               | -            | 53.82           |
| Interest payable                                      | 10.22           | -               | -            | 10.22           |
| Trade payables  | 273.71          | -               | -            | 273.71          |
| Other payables  | 444.98          | -               | -            | 444.98          |
|   | <b>1,022.17</b> | <b>1,535.71</b> | <b>-</b>     | <b>2,557.88</b> |
| <b>March 31, 2022:</b>                                |                 |                 |              |                 |
| Non-current borrowings (including current maturities) | 140.00          | 279.15          | -            | 419.15          |
| Current borrowings                                    | 30.74           | -               | -            | 30.74           |
| Interest payable                                      | 2.32            | -               | -            | 2.32            |
| Trade payables  | 100.51          | -               | -            | 100.51          |
| Other payables  | 77.37           | -               | -            | 77.37           |
|   | <b>350.94</b>   | <b>279.15</b>   | <b>-</b>     | <b>630.09</b>   |



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**C Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

| Particulars           | Change in basis points |          | Effect on profit before tax |          |
|-----------------------|------------------------|----------|-----------------------------|----------|
|                       | Increase               | Decrease | Decrease                    | Increase |
| <b>March 31, 2023</b> |                        |          |                             |          |
| Indian Rupees         | 0.50%                  | 0.50%    | (8.44)                      | 8.44     |
| <b>March 31, 2022</b> |                        |          |                             |          |
| Indian Rupees         | 0.50%                  | 0.50%    | (6.53)                      | 6.53     |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

**Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows:

**Details of Unhedged Foreign Currency Exposure:**

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under :

| Particulars       | Currency | Amount in foreign currency | March 31, 2023 |                 | March 31, 2022             |               |                 |
|-------------------|----------|----------------------------|----------------|-----------------|----------------------------|---------------|-----------------|
|                   |          |                            | Amount in Rs.  | Conversion rate | Amount in foreign currency | Amount in Rs. | Conversion rate |
| Trade receivables | USD      | 1,286,020                  | 105.73         | 82.22           | 246,979                    | 18.72         | 75.81           |
| Trade payables    | USD      | 144,102                    | 11.85          | 82.22           | 116,792                    | 8.85          | 75.81           |

**Foreign currency sensitivity:**

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

| Particulars           | Change in forex rate |          | Effect on profit before tax |            |
|-----------------------|----------------------|----------|-----------------------------|------------|
|                       | Increase             | Decrease | Increase                    | (Decrease) |
| <b>March 31, 2023</b> |                      |          |                             |            |
| USD                   | 1.00%                | 1.00%    | 0.94                        | (0.94)     |
| <b>March 31, 2022</b> |                      |          |                             |            |
| USD                   | 1.00%                | 1.00%    | 0.10                        | (0.10)     |



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## 36. Ratios

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

| Particulars                       | Numerator                                 | Denominator                  | March 31, 2023 | March 31, 2022 | Variance | Change in ratio in excess of 25% compared to preceding year                                       |
|-----------------------------------|---|------------------------------|----------------|----------------|----------|---|
| Current Ratio                     | Current Assets                            | Current Liabilities          | 0.44           | 0.28           | 53.5%    | Increase in current assets due to better financial performance resulted in improved current ratio |
| Debt-Equity Ratio                 | Total Debt (1)                            | Shareholder's Equity         | 6.01           | 6.54           | 8.2%     |   |
| Debt Service Coverage Ratio       | Earnings available for debt service (2)   | Debt service (3)             | 1.08           | 0.31           | 248.7%   | Due to decrease in lease rentals during current year  |
| Return on Equity (ROE)            | Net profit after taxes                    | Average Shareholder's Equity | 0.75           | 10.96          | -93.1%   | Increase in denominator   |
| Inventory Turnover Ratio          | Revenue from Operations                   | Average Inventory            | 7.16           | 20.80          | -65.6%   | Increase in Inventory in current year   |
| Trade Receivables Turnover Ratio  | Revenue from Operations                   | Average Receivables          | 5.99           | 15.92          | -62.4%   | Increase in Receivables in current year   |
| Trade Payables Turnover Ratio     | Purchases                                 | Average Trade Payables       | 1.62           | 1.20           | 35.2%    | Increase in Purchases   |
| Net Capital Turnover Ratio        | Revenue from Operations                   | Working Capital (4)          | (1.34)         | (1.27)         | -5.8%    |   |
| Net Profit Ratio                  | Net Profit                                | Revenue from Operations      | 21%            | 34%            | -40.0%   | Reduction in net profit   |
| Return on Capital Employed (ROCE) | Earnings Before Interest and Taxes (EBIT) | Capital Employed (5)         | 0.15           | 0.38           | -60.0%   | Reduction in EBIDTA   |
| Return on Investment (6)          | 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 + Interest + Other adjustments like loss on sale of fixed assets etc.

(3) Interest + Lease payments + Principal repayments + Intercorporate loan payments

(4) Current assets - current liabilities

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

(6) The Company is not having any market linked investments.



## Laurus Synthesis Private Limited

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### 37. Other statutory information

- i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- ii) The Company does not have any transactions with companies struck off.
- iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- viii) The Company doesn't have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

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

  
Narasimha Rao Chava  
Director  
DIN: 08836445

  
Sita Ramaiah Ch  
Director  
DIN: 08210856

Place: Hyderabad  
Date: April 20, 2023

