Syngene

INVESTING IN **PARTNERSHIPS**

ANNUAL REPORT **2018-19**

The cover image depicts embryological development, which epitomises the continuous process of growth. At Syngene, the aim behind investing in our partnerships is inspired from this infinitely small cell. We believe that when we connect and collaborate with our stakeholders, we will, just like the cell embryo, set up a continuous process of development, benefitting all who are directly or indirectly connected with the Company.

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INVESTING IN **PARTNERSHIPS**

Syngene International Limited has always believed in the power of partnerships to unlock long-term value for its stakeholders. These include not just our clients but a far wider gamut, including employees to environment, suppliers to scientific research-focussed organisations, and shareholders to society.

We nurture our relationships through continual investments. These investments in people, infrastructure, processes, vendor management, logistics, supply chain or technology, enable us to harness the power of science to build trust, widen our collaborations, drive growth and deliver value.

Today, Syngene is a trusted strategic partner to a diversified global clientele – from marquee companies to start-ups across sectors. As we celebrate 25 years of our successful journey, we pledge renewed commitment to our partnerships that have brought us so far in our journey.

ABOUT US

Incorporated in 1993, Syngene International Limited is an innovation-focussed global discovery, development and manufacturing organisation providing integrated scientific services to the pharmaceutical, biotechnology, nutrition, animal health, consumer goods and specialty chemical industries around the world.

Our state-of-the-art infrastructure, qualified team of scientists and rich expertise in emerging technologies enable us to improve research and development productivity, drive innovation and reduce time-to-market for novel molecules. Our competitive advantage stems from our ability to customise our scientific solutions. This unique value proposition is reflected in our long-term partnerships with the world's leading pharmaceutical and biotechnology companies, along with strong relations with companies in other sectors and our growing association with small and virtual companies.

The business is divided into three units: Dedicated R&D Centres, Discovery Services and Development and Manufacturing Services.

Dedicated R&D Centres

Centres of excellence with dedicated infrastructure and scientific teams to suit the needs of individual clients.

Contracts are long-term in nature, usually five years or more and Full-time-equivalent (FTE) engagements to support the client's R&D requirements.

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Read more on this business unit

Discovery Services

Chemistry, biology, toxicology and bioinformatics services for both small and large molecules.

Undertaken for multiple clients, with the contracts being primarily FTE engagements and typically renewed annually.

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Read more on this business unit

Development and Manufacturing Services

Pre-clinical studies, drug substance development, drug product development, allied services (stability services, viral testing, bioanalytical), clinical trials and manufacturing services for small molecules and biologics.

Largely Fee-for-service (FFS) engagements both for the short and long-term. Engagements generally expand in scope and extend in duration driven by our ability to generate added value for our clients.

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Read more on this business unit

Syngene in Numbers*

331
CLIENTS

8
OF THE GLOBAL TOP 10 PHARMACEUTICAL COMPANIES

3,996
QUALIFIED SCIENTISTS

1.4 Mn sq. ft.
AREA OF R&D AND MANUFACTURING INFRASTRUCTURE

62
LONG-TERM CLIENTS (COLLABORATIONS EXTENDING OVER 5 YEARS OR MORE)

94%
SHARE OF SALES FROM EXPORTS OUTSIDE INDIA

*As on 31 March 2019

Quality Certifications

Our world-class facilities have received ISO 9001:2008, ISO 14001:2004, and OHSAS 18001:2007 certifications and have been audited by the United States Food and Drug Administration (USFDA), European Medicines Agency (EMA), Pharmaceuticals and Medical Devices Agency (PMDA), and major life sciences partners. Our animal health facilities are Good Laboratory Practice (GLP) certified by the Indian authorities and the Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC) accredited.

Global Footprint

Headquartered in Bengaluru, India, Syngene is a global Contract Research Organisation (CRO). We have incorporated a wholly-owned overseas subsidiary in the United States (Syngene USA Inc.). This allows clients to have local access to our business development teams. We have also appointed regional business development representatives in the US (East and West Coast), Ireland and India. Our focus on client engagement has allowed us to build and maintain partnerships spanning the US, Europe, Asia-Pacific and Australia.

Geographic break-up of clients

(as on 31 March 2019)

73%
US

5%
JAPAN

14%
EUROPE

6%
INDIA

2%
REST OF WORLD

Partnering with Diverse Industries

- Pharmaceuticals
- Biotechnology
- Nutrition
- Agrochemicals
- Animal health
- Consumer goods
- Specialty chemicals
- Academic and non-profit organisations

Some of our Clients include:

Amgen Inc.	Artelo Biosciences	Baxter International Inc	Bristol-Myers Squibb	GSK
Herbalife	Merck KGaA	PharmAust Limited	Zumutor Biologics	Zoetis Inc.

INSPIRING US ON OUR PATH

OUR VISION

To be a world-class partner delivering innovative scientific solutions.

OUR VALUES

Integrity

To be ethical, honest and transparent in all we do.

Excellence

To commit ourselves to the highest levels of scientific and operational excellence.

Professionalism

To practise the highest degree of professionalism by encompassing attributes such as accountability, reliability and customer focus.

OUR PARTNERSHIP COMMITMENT

Clients

- Meet the current and future needs of our clients by providing world-class talent, infrastructure and systems
- Deliver services with sustained focus on quality, affordable innovation and productivity
- Work with our clients in flexible, adaptable and customised partnership models

Employees

- Ensure a safe and sociable work environment for all
- Provide opportunities to work with high-performance teams.
- Develop scientific, managerial and leadership skills to foster professional growth

Society and Environment

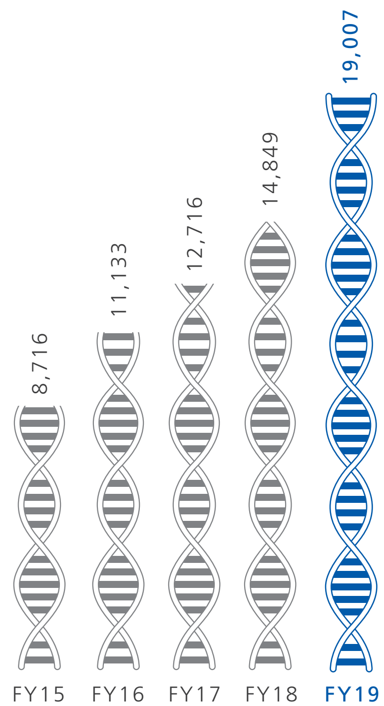
- Safeguard the environment by reducing waste, controlling pollution and producing safe products
- Support community health and wellness programmes

Patients, Physicians and Care Providers

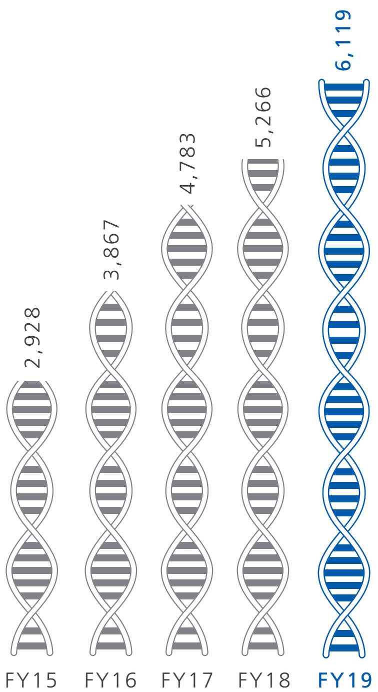
- Maintain highest standards of ethics and patient care
- Uphold the highest standards of ethics and professionalism in working with physicians and care providers

FINANCIAL HIGHLIGHTS

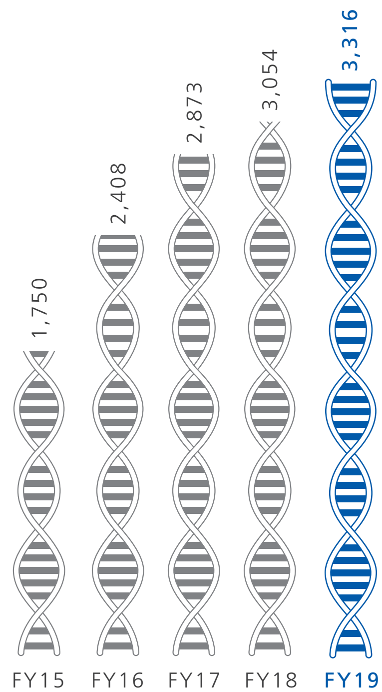
REVENUE
(RS. MN)



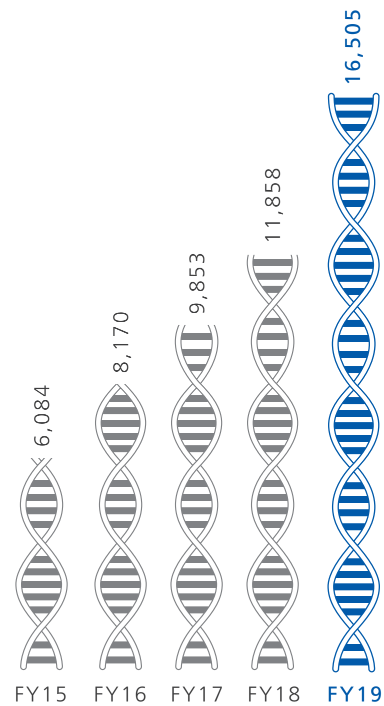
EBITDA
(RS. MN)



PAT
(RS. MN)



NET FIXED ASSETS
(RS. MN)



THE SYNGENE JOURNEY

Since our inception, we have made significant investments in our capacity and capabilities across the drug discovery, development and manufacturing value chain. This strategy has enabled us build collaborative, long-term relationships with our clients and deliver better value to all our stakeholders.

1993

Initiated operations as a CRO with services in chemistry and biology

1998

Granted 100% Export-Oriented Unit (EOU) status by the Government of India

1999

Achieved first operational expansion in R&D with lab space increased to over 23,000 sq. ft.

2001

Forayed into Chemical Development with a dedicated manufacturing facility

2019

Signed an agreement with Biotechnology Industry Research Assistance Council (BIRAC), a Government of India undertaking, for setting up Centre for Advanced Protein Studies (CAPS)

2018

Signed R&D agreement with GSK to advance drug discovery in multiple therapeutic areas

Received PMDA Accreditation

Expanded collaboration with Baxter International Inc. till 2024

2017

Strategic collaboration with Zoetis to develop and manufacture animal medicines

Collaborated with Herbalife to establish its first nutrition R&D centre in India

Broadened research collaboration with Amgen Inc., leading to expansion of facilities

Extended contract with Bristol-Myers Squibb till 2026

2016

Acquired Strand Life Sciences' Systems Biology and Pharma Services Practice Assets: Expanded into Bioinformatics and NGS Services

Established dedicated R&D centre for Amgen Inc.

Crossed an annual turnover of Rs. 10,000 Mn

2003

Moved to Biocon SEZ, a 90-acre biopharmaceutical SEZ with operations spread over 65,000 sq. ft.

2007

Signed a contract with Bristol-Myers Squibb for setting up our first dedicated R&D centre

Expanded research laboratory infrastructure to 148,000 sq. ft.

Crossed an annual turnover of Rs. 1,000 Mn

2009

Expanded manufacturing services with a new cGMP (Current Good Manufacturing Practices) plant

Initiated operations in Safety Assessment Services, Formulation Development and Biologics Development Services

2011

Collaboration with Endo Pharmaceuticals, USA to develop novel biological therapeutic molecules against cancer

2012

Established Abbott's first nutrition R&D centre in India

Received ANVISA Certification for clinical facilities

Acquired 100% stake in Clinigene International Limited, a clinical research company

2013

Crossed an annual turnover of Rs. 5,000 Mn

Established dedicated R&D centre for Baxter International Inc.

Syngene Control Testing Laboratory accepted by the Department of Health & Human Services, USFDA

2014

Extended collaboration with Bristol-Myers Squibb for its dedicated R&D centre till 2020

Syngene API manufacturing facility accepted by the Department of Health & Human Services, USFDA

Established a 75,000 sq. ft. centre to provide stability and analytical services

2015

Syngene listed on BSE (Bombay Stock Exchange) and NSE (National Stock Exchange) of India

Clinigene International, amalgamated with Syngene

MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

This year Syngene crossed a memorable milestone, completing 25 years of successful operations. It has been an exhilarating journey and one where we have placed building value creating partnerships with all our stakeholders at the core, allied to an unwavering commitment to innovation and maintaining the very highest standards of business and scientific ethics. This strategy along with the commitment and talent of all our employees has made Syngene a leading contract research organisation (CRO) globally.

The global contract research industry continues to offer attractive growth opportunities, with clients recognising the strategic advantage of outsourcing part or all of their R&D activities. The industry is witnessing a shift in favour of integrated, end-to-end solution providers alongside the traditional demand for standalone services. Access to deep-domain knowledge and sophisticated technologies is evolving as a key competitive and comparative advantage. At Syngene, our portfolio of integrated service offerings, customisable to meet client needs, world-class infrastructure, access to a top-quality talent pool and investments in developing expertise in emerging technologies, ensure our service offerings remain well aligned with market requirements and position the company to deliver the best in innovation and collaboration. Today, we are established as a trusted strategic partner for leading life sciences companies around the world and across the drug discovery and development continuum. Additionally, our scientific solutions are increasingly bringing benefit to companies in the consumer, nutrition, agrochemicals and specialty sectors. For all our clients, our purpose remains the same: to accelerate innovation and deliver solutions with great efficiency at world-class levels of quality and service.

The fiscal year was a successful one for Syngene from a growth perspective. Total revenue for the year grew by 28% and key measures of profit also increased with EBITDA growing by 16% and PAT increasing by 9%. We continued to diversify our client base with a combination of renewals and engagement expansion with existing clients and new wins. During the year, the total number of clients increased to 331 from 316 in the previous year. The growth in new client additions from small and mid-sized companies was particularly pleasing. This demonstrates the strength of our capabilities and our ability to create value for all our clients – big and small, new and existing. All through the year, we continued to engage and partner with our clients through better alignment of processes, technologies, infrastructure and talent. While this continual investment in our capabilities enables us to meet our clients' emerging R&D requirements, it also sets the stage for continued renewals and repeat business.

The fast-growing space of biologics provides ample growth opportunities for contract research and manufacturing organisations. While the global demand for biologics is bolstered by their ability to treat major chronic diseases, the development and manufacture of these drugs can be complex and expensive. As a specialised CRO, Syngene is well-positioned to capture more of the increasingly outsourced biologics drug development market. We have already built a reputation for providing world-class end-to-end solutions and have a prestigious client portfolio. Together, these give us confidence in our ability to deliver further growth as we continue to invest in our biologics business.

Recognising that our staff are our strongest enabler of business growth, we made significant investments throughout the year to build their skills and to ensure we continue to recruit the very best talent in the region. During the year, we added experienced leadership in the areas of discovery services, quality, marketing, and operations as well as continuing to invest in the scientific, business and leadership skills of the organisation. Also, during the year, our human resources programme received external recognition – The 'Best Leadership Development Program for Middle Management Award' conferred by the World HR Congress, in Mumbai. We remain committed to invest in this area to support the further development of our staff as well as drive higher future performance.

Furthermore, Syngene received external recognition for its efforts on several fronts,

19,007

TOTAL REVENUE IN FY19 (RS. MN)

THE FISCAL YEAR WAS A SUCCESSFUL ONE FOR SYNGENE FROM A GROWTH PERSPECTIVE. TOTAL REVENUE FOR THE YEAR GREW BY 28% AND KEY MEASURES OF PROFIT ALSO INCREASED WITH EBITDA GROWING BY 16% AND PAT INCREASING BY 9%.

including, notably sustainability. Our investment in restoring the Hebbagodi Lake in Bengaluru, India won a national CSR award from the Federation of Indian Chambers of Commerce and Industry (FICCI). I am also delighted to share that we organised our first international scientific antibody symposium in India, bringing together international experts from the field.

Entering FY20, we believe that Syngene is well-positioned for continued growth and to meet the needs of clients around the world. Our range of differentiated services coupled with our ability to adapt our partnership model to a client-specific requirements will continue to stand us in good stead. We continue to attract and develop the best talent in the region, underpinning our promise of delivering high-quality scientific solutions. Our proven track record in regulatory compliance, quality, safety and operational efficiency strengthen our value proposition and this is sustained by a work culture of continuous improvement. In short, the strategic investments we have made – and continue to make – will further strengthen our position of being a trusted strategic partner to all our clients.

Central to our achievements in FY19 and the success that Syngene has enjoyed over the last 25 years, is the hard work and dedication of our employees. On behalf of our Board of Directors, I extend to them our sincere thanks for their energy, perseverance and professionalism. My sincere appreciation goes to my fellow Board members and to the senior management for their leadership in making Syngene a leading CRO in the global arena. I would also like to thank all our clients, partners and suppliers for their continued support and last but not the least, our investors for their continued support of our business. Syngene could not have evolved and grown into the Company it is today without your confidence and support. As we embark on the next era of our journey, with your continued trust, we aim to take Syngene to new heights.

Thank you,

Kiran Mazumdar Shaw

CEO'S OPERATIONAL REVIEW

Dear Shareholders,

I am pleased to report that Syngene delivered an excellent performance for FY19. Our ability to create value for our clients is anchored in our deep domain expertise and ability to deliver world-class, affordable innovation. At the same time, the investments we are making to strengthen delivery, safety, operational efficiencies, as well as drive sales and marketing, will enhance our position as a premium R&D services provider.

Globally, research-focussed organisations are increasingly merging an outsourced model of R&D with their traditional "in-house" research capabilities as a way to address rising research costs and declining R&D productivity. Within the life sciences industry specifically, companies are increasingly shifting from transactional outsourcing relationships to more strategic, relationship-based models as they grapple with patent expiries, the rising cost of new drug pipelines, competition and a growing demand to access new technologies. The rise of virtual biotech companies, focussed on outsourcing all but core activities to drive efficiency, is also adding to the demand for external innovation.

Integrated contract research organisations (CROs) offer a wide range of scientific solutions that address each of the discovery and development stages. These solutions can enable clients to access the innovation they seek, while maintaining quality standards and achieving better efficiency and often reducing costs. Access to specialised knowledge also enables integrated CROs to successfully navigate the growing complexities across the value chain.

Syngene offers integrated scientific services spanning the discovery, development and manufacturing continuum. Provided across multiple scientific domains, our integrated services enable us to deliver innovation and improve both time and cost-to-market for our clients. At the same time, our flexible operating model allows us to customise our offerings to fit each client's unique needs, capabilities, systems and processes. As a specialised CRO, we have also built expertise in emerging technologies to accelerate innovation. These attributes, together with our world-class infrastructure, large pool of scientific talent, strong client relationships and the high priority we place on ensuring that we operate to the highest regulatory standards, make us well positioned to leverage growing opportunities in the global R&D outsourcing market. These same capabilities, coupled with a cost-efficient operating environment also enable us to cater to the R&D requirements, in segments as diverse as nutrition, animal health, agrochemicals, consumer goods and specialty chemicals. All these sectors are looking to access affordable innovation while ensuring world-class quality and compliance.

Operational Review

Clients

From an operational standpoint, we continued to make good progress on our strategic priorities. Aligned with our focus on building long-term sustainable partnerships with our clients, I am delighted to share that amongst others, we extended and expanded our agreement with Baxter Healthcare Corporation. The Baxter Global R&D Centre was set up in 2013, and the renewal of this collaboration reaffirms the confidence they have in our services. Our ongoing collaboration with Merck KGaA was also extended during the year. This relationship goes back two decades, and we are proud to have consistently advanced our client's research projects in the areas of protein technology, molecular biology, cell science, antibody discovery and antibody drug conjugates.

THE BAXTER GLOBAL R&D CENTRE WAS SET UP IN 2013, AND THE RENEWAL OF THIS COLLABORATION REAFFIRMS THE CONFIDENCE THEY HAVE IN OUR SERVICES.

As we strengthen existing collaborations, we are also investing in new partnerships. The year recorded several new client wins and expansion in our global footprint. Besides working with major overseas clients, Syngene takes great pride in being selected by the Government of India to partner with them in their goal to make the country a global hub for biotech research. Under this partnership, we established the first National Centre for Advanced Protein Studies (CAPS) at our Bengaluru facility. Funded by the Biotechnology Industry Research Assistance Council (BIRAC), the Centre will work on strengthening innovation in research.

Leadership

Unlocking the undoubted opportunities around us requires investment in talented, experienced leadership. The role of Senior Vice President – Discovery Services was created to strengthen Syngene's ability to meet evolving client requirements. Dr. Kenneth Barr, a Ph.D. from the Massachusetts Institute of Technology, has been appointed in this role. With more than two decades of experience in the areas of drug discovery in small molecules, Dr. Barr will help to further integrate our core strength of discovery services across our R&D value chain. We also appointed Mr. Alok Mehrotra, M.Tech - Chemical Technology, with over 25 years of industry experience, as Chief Quality Officer.
Mr. Mehrotra will be responsible for Syngene's quality and compliance functions and will lead initiatives to ensure we maintain our strong track record in this area.

17%

PAT MARGIN IN FY19

Infrastructure

Syngene continues to invest in infrastructure to meet the demands of a growing business. We commissioned Phase I of our upgraded S2 facility, which brings in 105,000 sq. ft. of state-of-the-art research space. The completion of the second phase will add a further 165,000 sq. ft. of laboratory space, providing us with further scope to grow. In biologics, we expanded our process development capabilities by adding state-of-the-art equipment.

Additionally, our investments to forward integrate towards full scale manufacturing are strategically important for delivering long-term growth. We currently have in operation a world-class biologics manufacturing facility, with plans for further expansion. Our upcoming active pharmaceutical ingredient (API) manufacturing facility in Mangaluru, expected to come online towards the end of FY20, will bring an additional boost to our commercial-scale manufacturing capacities for small molecules. With more innovator companies looking to outsource manufacturing to mitigate the expense of investment in equipment and facilities, combined with the significant process knowledge we have gained in the development stages of R&D, we believe this investment will enable us to create value for our clients over the long term.

SYNGENE CONTINUES TO INVEST IN INFRASTRUCTURE TO MEET THE DEMANDS OF A GROWING BUSINESS. WE COMMISSIONED PHASE I OF OUR UPGRADED S2 FACILITY, WHICH BRINGS IN 105,000 SQ. FT. OF STATE-OF-THE-ART RESEARCH SPACE.

Our commitment to ensuring we continue to offer leading edge services is also reflected in the speed at which we embrace new technologies. During the year, we added capabilities such as sophisticated immuno-oncology assays and CAR-T design for researching next-generation therapies. We also entered into a collaborative project with a French biotech company to further strengthen our capabilities in bioinformatics. This field deploys highly complex algorithms to accelerate drug discovery and development. We are confident that our growing expertise in these advanced technologies will help us to create more value for clients.

Quality and Safety

We continue to invest in global best practices within our quality and safety systems. Our proactive focus on quality led to another successful USFDA audit, this time of our formulation, stability and quality control units. These endorsements increase confidence in the robustness of our quality systems.

Safety is central to our culture and is articulated through our corporate safety initiative, Kavach. The programme aims to emphasise the importance of safety in every aspect of our operations and encourages employees to work towards the goal of zero injuries at the workplace and to prevent any harm to the environment or property. It is with great satisfaction that I share that we completed two million safe manhours in operations, at our project in Mangaluru. This is an important milestone for Syngene, and we will continue to invest in strengthening our safety culture.

Operational Excellence

Investing in innovation and operational excellence are the cornerstones of sustainable growth.

During the year, we continued investing in operational excellence to streamline systems and processes and implemented globally recognised tools such as Six Sigma and LEAN. Our research requires highly specialised and customised materials and equipment. We continue to work in close partnerships with our vendors to ensure timely delivery while meeting all quality and regulatory requirements.

Talent Management

The expertise, productivity and professionalism of our staff is our greatest strength and biggest competitive advantage. Our business operations are supported by an unwavering commitment to invest in people. During the year, leading talent management principles and practices were at the forefront of our Human Resources strategy. These interventions facilitated capability development, fostered high-performing teams and promoted an engaging and inclusive work environment. The success of our people policies is reflected in our attrition rate which is among the lowest in the country.

Financial Review

The Company delivered a strong financial performance for the year. The total revenue for the year increased from Rs. 14,849 Mn in FY18 to Rs. 19,007 Mn in FY19, recording growth of 28%. Growth was driven by improved performance across all business units, led by Discovery Services and Dedicated Centres. EBITDA stood at Rs. 6,119 Mn in FY19, compared to Rs. 5,266 Mn in FY18, recording a 16% growth. PAT increased by 9% to Rs. 3,316 Mn compared to Rs. 3,054 Mn in FY18, however, EBITDA and PAT declined moderately as a percentage of revenue. The decline in EBITDA margin was largely due to higher material costs and investments in safety and business development activities. Profit margins (PAT) were lower due to the unwinding of the SEZ tax holiday benefits in some parts of the business.

Care for Community

At Syngene, responsibility and results go hand-in-hand. Investing in partnerships encompasses the communities we live in and work with, as well as our clients. Under the aegis of our Corporate Social Responsibility (CSR) arm – the Biocon Foundation, our structured interventions are aligned with the United Nations' Sustainable Development Goals. This year, we worked on the rejuvenation of Hebbagodi Lake in Bengaluru as well as invested in rural development programmes and community education. Within our business, we continue to invest in best practices to reduce energy consumption, reduce waste solvents and lower carbon emissions. In the coming year, we aim to extend the coverage of our CSR efforts to new locations.

32%

EBITDA MARGIN IN FY19

TO STRENGTHEN OUR POSITION AS A LEADING SCIENTIFIC SOLUTIONS PROVIDER, WE WILL CONTINUE INVESTING IN OUR PARTNERSHIPS WITH CLIENTS, EMPLOYEES, VENDORS, BUSINESS PARTNERS, SHAREHOLDERS, THE GOVERNMENT, AND THE COMMUNITIES WITHIN WHICH WE OPERATE.

Outlook

Over the years, we have set the foundation for a promising future, with a large pool of scientific talent and access to world-class infrastructure. Our integrated scientific services are a key building block of future success. These are underpinned by world-class talent, extensive R&D capabilities, advanced manufacturing facilities, regulatory compliant quality and safety systems, state-of-the-art technology and stable vendor partnerships. We remain laser-focussed on driving operational excellence in everything we do with the aim to exceed client expectations.

There is an immense opportunity unfolding across the R&D outsourcing market. To strengthen our position as a leading scientific solutions provider, we will continue investing in our partnerships with clients, employees, vendors, business partners, shareholders, the government, and the communities within which we operate. Long-term partnerships mean greater stability and predictability for our business even as we continue exploring business opportunities in emerging areas and expand our geographical footprint.

My sincere gratitude to all our partners, shareholders and stakeholders for making FY19 another year of commendable performance. On behalf of everyone at Syngene, I assure you we will continue building upon this momentum.

Thank you,

Jonathan Hunt

CFO'S FINANCIAL REVIEW

Performance Highlights FY19

FY19 has been another good year for Syngene. We reported robust revenue growth of 28% during the year. While we witnessed good performance across the board, with contributions from all the business units, growth was principally driven by improved traction in Discovery Services and our dedicated R&D Centres. During the year, we continued to build on existing client collaborations while at the same time entering into new collaborations, taking our total client base from 316 active clients in FY18 to 331 active clients in FY19.

Cost and Margin Overview

With regard to profitability, earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 16% to Rs. 6,119 Mn as against Rs. 5,266 Mn in FY18. EBITDA and Profit After Tax (PAT) margins for the year were 32% and 17% respectively as against 35% and 21% respectively in FY18. During the year, we saw a one-time pass through billing relating to the cancellation and close down of a planned client project. Excluding this pass-through billing, underlying, EBITDA and PAT margins were at 33% and 18% respectively.

The reduction in EBITDA margin compared to the prior year reflects increased investments in three key areas related to delivering our long-term strategy for shareholder value creation, namely increased investments in business development, safety and quality compliance. We see all three of these areas as important to meet rising customer expectations and to ensure that the Syngene brand is visible and easily accessible to potential customers around the world. In addition to the step-up in operational investment in the business, PAT margins were also impacted by additional depreciation on new assets and an increase in effective tax rate, due to unwinding of SEZ tax holiday in some parts of the business.

Capex

We continued our focus on increasing capacity and strengthening key capabilities, to meet rising client demand. During FY19, we invested a total of Rs. 5,909 Mn (USD 85 Mn) towards ongoing capex programmes, taking our total investment in fixed assets to around Rs. 24,447 Mn (USD 350 Mn). Reflecting these capex investments, depreciation for the year increased by 25% from Rs. 1,314 Mn in FY18 to Rs. 1,642 Mn. We plan to continue investment in capex over the next two years and expect to take our total asset base to Rs. 38,500 Mn (USD 550 Mn) by the end of FY21. This will include an investment of around Rs. 5,250 Mn (USD 75 Mn) at our upcoming API manufacturing facility at Mangaluru.

WE CONTINUED OUR FOCUS ON INCREASING CAPACITY AND STRENGTHENING KEY CAPABILITIES, TO MEET RISING CLIENT DEMAND. DURING FY19, WE INVESTED A TOTAL OF RS. 5,909 MN (USD 85 MN) TOWARDS ONGOING CAPEX PROGRAMMES, TAKING OUR TOTAL INVESTMENT IN FIXED ASSETS TO AROUND RS. 24,447 MN (USD 350 MN)

Foreign Exchange Movement

As majority of our clients are located outside of India, nearly 94% of sales are denominated in foreign currency, principally USD. This leaves the company with a large exposure to the risk of adverse fluctuation in exchange rates. Such risks are managed by hedging between 50% and 100% of exposure over the coming 24 months and up to 100% of exposure for long-term fixed price contracts. These hedges are obtained through a combination of various derivative instruments such as ‘foreign exchange forward’ and ‘put option contracts’.

With the average hedged rate and billing rate at Rs. 69 per USD for FY19, we registered a foreign exchange loss of Rs. 19 Mn for the year. This loss compares to a gain of Rs. 739 Mn in FY18, when hedged rates were above by Rs. 3.50 per USD to the then prevailing market rates of Rs. 65 to a USD.

Special Economic Zone (SEZ) benefits

With many of our facilities in Bengaluru operating within a Special Economic Zone (SEZ), Syngene enjoys tax holiday benefits from the Indian Government to the extent of 100% exemption from payment of income-tax for the first five years of operations, 50% exemption for the next five years and a further 50% exemption for another five years, subject to fulfilment of criteria as laid down in the Income-tax Act, 1961. With the expiry of SEZ tax holiday benefits in some parts of the business during the year, the average effective tax rate increased by 216 basis points to 20%.

Shareholder Value

Syngene is focussed on building long-term business sustainability through the efficient use of capital, strong profitable revenue growth and focussed risk management.

The strength of our balance sheet is evident in our net worth position of Rs. 19,684 Mn and net cash position of Rs. 3,396 Mn as on March 31, 2019.

In line with the Company's Dividend Distribution Policy, the Board has recommended a dividend of Re. 0.50 per equity share of Rs. 10 face value.

Furthermore, to mark the completion of 25 years of successful operations, the Board has also recommended the issue of bonus shares in the proportion of 1:1 i.e. 1 (one) bonus equity share of Rs. 10, for each 1 (one) fully paid-up equity share, as held on the record date.

The dividend payment and the bonus issue are both contingent upon approval by shareholders.

CAPITAL EXPENDITURE

USD 350

MN

INVESTED AS OF FY19

THE STRENGTH OF OUR BALANCE SHEET IS EVIDENT IN OUR NET WORTH POSITION OF RS. 19,684 MN AND NET CASH POSITION OF RS. 3,396 MN AS ON MARCH 31, 2019.

Closing comments

Moving into FY20, we expect the good business momentum that we have gained to continue. The expansion of our relationships with strategic clients, along with healthy demand in Discovery Services and Biologics provide a strong platform for further growth. We will also continue to invest in safety, compliance and business development to enhance delivery across the business.

Finally, let me take this opportunity to thank all our stakeholders for their continued support and confidence in us.

Thank you,

M. B. Chinappa

THE MARKETPLACE

We continue to invest in our partnerships as the global R&D market provides ample opportunities, creating new avenues for innovation and earnings for the Company and all stakeholders.

The global R&D landscape has transformed significantly over the last decade, with organisations outsourcing research activities traditionally performed in-house. Initially, cost advantage was the primary reason behind outsourcing decisions; at present, factors such as access to specialised knowledge and technologies, faster innovation, and increasing pressure of regulatory compliance, along with cost efficiency, are driving organisations to outsource their R&D functions to a specialist.

With fast-evolving medical needs, impending patent cliffs, shrinking pipelines, pharmaceutical companies today increasingly invest in scientific innovation. Worldwide pharmaceutical R&D spend totalled USD 165 Bn in 2017 and is forecast to grow at a CAGR of 3.1% between 2017-24 to reach USD 204 Bn at the end of the period (Source: World Preview 2018, Outlook to 2024 by Evaluate). At the same time, pharmaceutical companies are facing the challenges of diminishing return on R&D investments and greater complexity in drug discovery. To increase the success rate of scientific programmes and decrease costs, these companies seek to outsource all or part of their R&D activities to specialists.

The rapid growth of virtual biotech companies has also increased the demand for contract services as these companies find it challenging to set up the required capabilities in-house or cannot afford it on a full-time basis.

The robust demand for research services across both small and large molecules offers considerable market opportunity for CROs. As per the Grand View Research Report, the global healthcare CRO market was valued at USD 32.9 Bn in 2017 and is expected to reach USD 54.6 Bn by 2025, growing at a CAGR of 6.66% between 2018 and 2025.

Pharmaceutical companies are also outsourcing API and dose manufacturing – both clinical and commercial supplies. The outsourcing model is preferred due to access to qualified manpower and technology. The services of Contract Manufacturing Organisations (CMOs) are especially favoured for biologics (also called large molecule drugs). The global CMO market is projected to grow at a CAGR of 7.5% between the period 2018-25 to reach an expected value of USD 21.7 Bn by 2025 *(Source: Grand View Research Report).*

OUR BUSINESS MODEL

Syngene's flexible business model is built around providing customised services to meet the individual requirements of each client and to create long-term value for all stakeholders. We use our experience and expertise within a framework, which includes an environment of high quality, regulatory and safety compliance, integrity, delivering scientific solutions to clients and growing our business sustainably.

OUR KEY INPUTS

World-Class Infrastructure

1.4 Mn sq. ft. of R&D and manufacturing facilities accredited with major regulatory compliances.

Talented Workforce

3,996 scientists with strong experience, expertise, knowledge and skills driving our R&D activities.

Strong Relationships

We have long-term relationships with 62 clients across industries i.e. almost 20% of our client base.

Advanced Technology

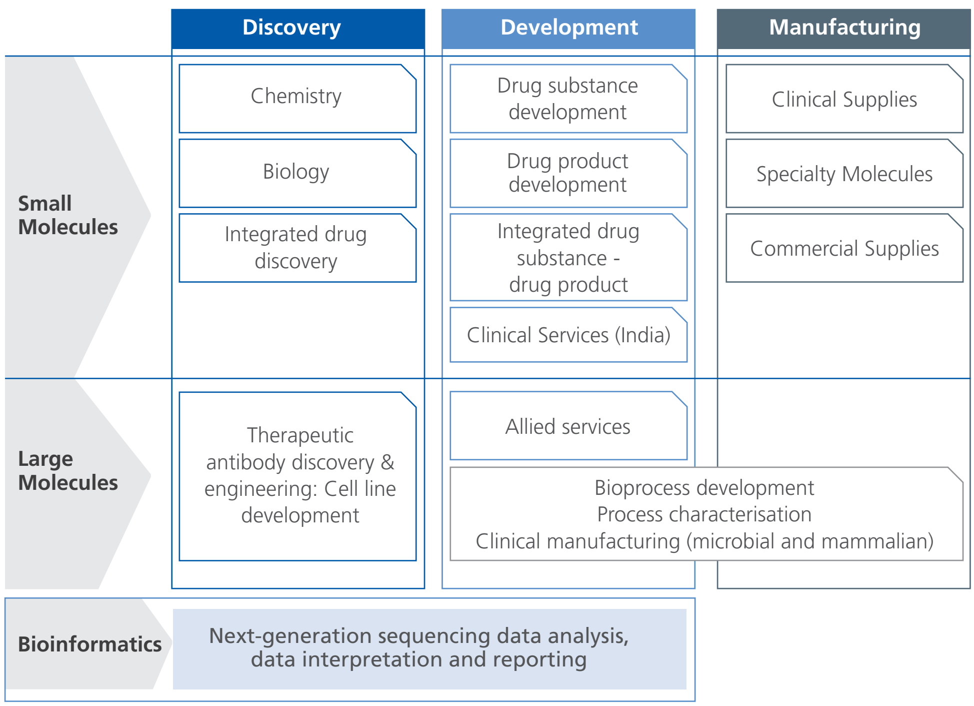
Investments in newer areas such as bioinformatics, sophisticated Immuno Oncology (IO) assays and CAR-T design to add value to clients' projects.

Sound Financials

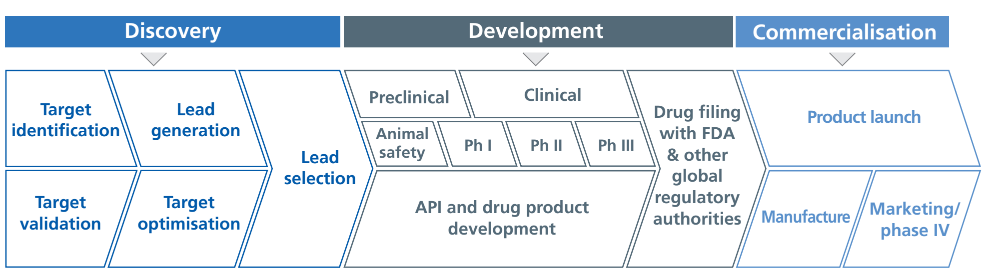
Strong balance sheet and positive cash flows to support future growth.

HOW WE CREATE VALUE

Offering an integrated service platform for small and large molecules



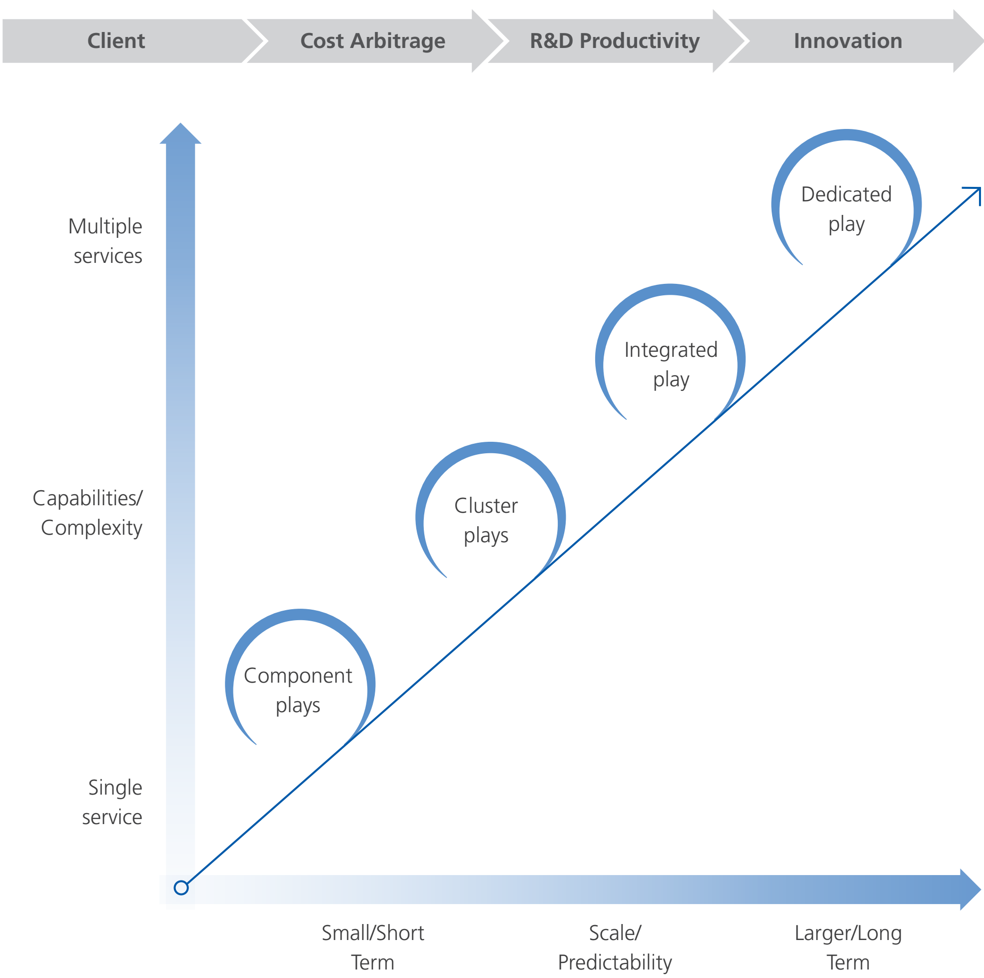
Providing multiple points of engagement across the Discovery-Development-Commercialisation value chain



Entry points create opportunity for client engagement expansion

Building strategic client relationships by moving beyond cost arbitrage, to R&D productivity and innovation

Earlier, our client engagement began with a short-term contract for a single service, which later extended into long-term contracts for multiple services. Today, bolstered by the trust and reputation we have built as a strategic partner, clients are increasingly signing us for multiple services.



UNDERPINNED BY OUR KEY DIFFERENTIATORS

High Productivity

Addressing complex projects and delivering solutions to increase the success rate of R&D activities.

Quality Excellence

Best in industry quality standards adhered to in every phase of the drug-discovery continuum.

Flexibility and Scalability

Customised and dedicated resources with flexibility for upward and downward regulation.

Data Integrity

Robust systems to ensure data confidentiality and intellectual property (IP) protection.

Operational Effectiveness

Faster project execution and timely delivery while maintaining quality standards.

INVESTING IN CLIENT COLLABORATION

DEDICATED R&D CENTRES

Our focus on fostering long-term strategic relations is endorsed by the expanding scope of engagement within the Dedicated R&D centres. These centres are set up exclusively for a client, based on a collaborative understanding of needs and expectations.

Currently, we have four dedicated R&D centres in operation, one each for Bristol-Myers Squibb (BMS), Baxter Inc., Amgen Inc., and Herbalife. The centres are equipped with infrastructure that conforms to industry regulations as well as the client's internal requirements. At each centre, a dedicated multidisciplinary scientific team works with the client on a full-time engagement basis, to accelerate their R&D.

Biocon Bristol-Myers Squibb Research & Development Centre (BBRC)

- Commenced in 2007
- Contract till 2026
- Largest R&D centre in Asia for BMS
- Focus on novel research in small and large molecules
- About 500 scientists engaged at the facility
- Produced nine drug candidates for further study and advanced new compounds for first-in-human studies

Baxter Global Research Centre (BGRC)

- Commenced in 2013
- Contract till 2024
- Focus on product and analytical development, pre-clinical evaluation in parenteral nutrition and renal therapy

Syngene Amgen Research & Development Centre (SARC)

- Commenced in 2016
- Exclusive R&D centre for Amgen Inc. in India
- Focus on medicinal and process chemistry, biologics, bioprocess, drug metabolism, pharmacokinetics, bioanalytical research and pharmaceutical development
- 185 scientists engaged at the facility

Herbalife Nutrition Research & Development Centre

- Commenced in 2016
- Herbalife's first nutrition R&D lab in India
- cGMP lab enclosed within the facility
- Focus on product development, sensory evaluation and testing, scientific content writing, project management, formulation development, analytical service, stability study and other related services

Performance Review

During the year, the dedicated R&D centre business unit gained considerable traction due to multiple reasons. First, we expanded and extended our agreement with Baxter Healthcare Corporation. Second, the extension of collaborations with BMS and Amgen achieved in FY18 brought in additional revenues.

The collaboration for Baxter Global Research Centre (BGRC) has been renewed up to 2024. As per the renewed contract, a new laboratory infrastructure was commissioned for Baxter.

Pg 25
Read more on the Baxter collaboration

These strong collaborations and their successful renewals manifest the clients' growing confidence in our scientific expertise across the drug delivery continuum.

We also commissioned a new facility for BMS in accordance with the agreement signed in FY18. This facility is spread over 25,000 sq. ft. comprising laboratory and office facilities and houses an additional team of about 75 Syngene scientists.

Pg 25
Read more on the BMS collaboration

Syngene successfully completed the development and clinical supplies manufacturing of drug product for Amgen, which has been filed as an Investigational New Drug (IND) application with USFDA, by Amgen Inc.

1

PARTNERSHIP OF CONTINUED TRUST

Baxter Global Research Centre (BGRC)

The Baxter Global Research Centre, set up by Syngene in 2013, is today an important part of Baxter's overall global R&D support system. This state-of-the-art facility focusses on product and analytical development, pre-clinical evaluation in parenteral nutrition and renal therapy. It also supports Baxter in R&D of medical products and devices catering to patients both in India and around the world. In FY19, Baxter expanded the agreement both in scope and duration, extending the contract to 2024. The successful renewal of this major collaboration with a global healthcare company bears testimony to the deep trust and confidence Syngene has secured for its discovery and development expertise, therapeutic knowledge and cutting-edge processes. A new laboratory was commissioned during the year, in line with the new agreement, to strengthen the existing capacity of BGRC to work on more complex projects. Starting with around 150 Syngene scientists working at the centre, the team strength has grown over the years, aligned with Baxter's project requirements.

2

PARTNERSHIP OF CONTINUED SCIENTIFIC INTELLIGENCE

Biocon Bristol-Myers Squibb Research & Development Centre

Syngene has a long-standing partnership with Bristol-Myers Squibb (BMS) spanning two decades. The engagement started with small projects and gradually expanded to cover broader scientific domains across discovery and development. In 2007, Syngene set up its first dedicated R&D Centre with the commissioning of the Biocon Bristol-Myers Squibb Research & Development Centre (BBRC). This is the largest research facility for BMS outside the US and an integral part of their global R&D network. Extensive scientific research is carried out at BBRC in pursuit of developing new and better drugs. Scientific projects tend to be long-term projects requiring consistent effort. By renewing the agreement up to 2026 in FY18, BMS and Syngene have demonstrated their commitment towards all the ongoing projects and those in the pipeline. It is also an affirmation of the high level of scientific work undertaken by Syngene's scientists.

INVESTING IN CLIENT COLLABORATION

DISCOVERY SERVICES

Clients are increasingly looking for outsourcing options where they can seamlessly move between different phases of research and development.

At the heart of our Discovery Services is the continuous endeavour to simplify research. Through our integrated discovery platform comprising discovery chemistry and discovery biology services and toxicology services, we strive to accelerate the drug discovery projects from target identification to candidate selection. Clients can reach out for our services at any phase to supplement their discovery efforts.

Discovery Chemistry

Our discovery chemistry services encompass world-class support for both medicinal chemistry and synthetic chemistry. Medicinal Chemistry services can be accessed with emphasis either on chemistry capabilities (iterative synthesis including library design), computational chemistry or more comprehensively in an integrated platform along with assay biology, safety pharmacology and Drug Metabolism and Pharmacokinetics (DMPK) support. We also offer specialised services in Antibody Drug Conjugates (ADC), peptides, carbohydrates and nucleosides and flow chemistry.

Our synthetic chemistry services are backed by state-of-the-art analytical facilities. Apart from the pharmaceutical industry, we also provide synthetic chemistry services in the field of material chemistry (synthesising ultra-pure compounds for organic light emitting diodes, photovoltaics, organic thin filmtransistors and printed electronics), agro-chemistry, animal health, petrochemicals and flavour industries.

OUR DISCOVERY CHEMISTRY SERVICES ENCOMPASS WORLD-CLASS SUPPORT FOR BOTH MEDICINAL CHEMISTRY AND SYNTHETIC CHEMISTRY.

Discovery Biology

Our discovery biology services comprise innovative offerings in protein sciences, antibody discovery, cell line engineering, *in vitro* assays, *in vivo* disease models, and Drug Metabolism and Pharmacokinetics (DMPK) services to support both large and small molecule discovery for pharmaceutical and non-pharmaceutical sectors. Very few companies in Asia provide the breadth and depth of services that we offer in the area of discovery biology.

New capabilities were added in the large and small molecule discovery services, including a yeast display platform for antibody discovery, sophisticated IO assays, CAR-T design and Proof-of-Concept (PoC) experiments, cassette dosing and micro-sampling for pharmacokinetics (PK) studies, as well as niche disease models in animals. Infrastructure commitments have been made, including expanding our vivarium capabilities and expanding biology into a new 50,000 sq. ft. facility. In terms of process improvements, we have established a centralised cell-banking system and initiated centralised inventory management and tracking systems. Our strategic tie-up earlier in the year with Zumutor Biologics to access their antibody engineering expertise, provides our scientists with new tools to solve complex problems in biotherapeutic drug discovery.

NEW CAPABILITIES WERE ADDED IN THE LARGE AND SMALL MOLECULE DISCOVERY SERVICES, INCLUDING A YEAST DISPLAY PLATFORM FOR ANTIBODY DISCOVERY, SOPHISTICATED IO ASSAYS, CAR-T DESIGN AND PROOF-OF-CONCEPT (POC) EXPERIMENTS, CASSETTE DOSING AND MICRO-SAMPLING FOR PHARMACOKINETICS (PK) STUDIES, AS WELL AS NICHE DISEASE MODELS IN ANIMALS.

Performance Review

Our Discovery Services business unit saw accelerated growth driven by contract renewals, deeper engagement with existing clients as well as new client wins.

We established new partnerships with three large pharmaceutical companies in the areas of antibody discovery, protein production and DMPK services, and high throughput assays on protein degradation technologies with a mid-size pharmaceutical player.

Our existing FTE collaborations with major pharmaceutical players also expanded during the year. Merck KGaA extended their collaboration up to 2022. We have a two-decade-long relationship with Merck KGaA, during which we jointly invested our efforts in various discovery research projects.

Pg 34
Read more on our collaboration with Merck KGaA

We also signed an agreement with Artelo Biosciences, Inc. to be their discovery and development partner for novel oncology drugs. Oncology is one of our focus areas and this partnership will help us harness our expertise to develop a better product for the benefit of cancer patients worldwide.

The collaboration with GSK, signed in FY18, was made operational during the year. As part of this agreement, our dedicated team of scientists are working with GSK's global R&D team in accelerating drug discovery, using Syngene Discovery Services platforms.

We partnered with a US-based biotech company on an integrated drug discovery solution for immune disorders. Our team identified new chemical leads by setting up niche assays, which has enabled our partner to move the programme to the lead optimisation phase. On the immuno-oncology front, our biology team has rapidly generated very high-quality data on novel PoC studies for our client. The data we generated will form the premise for client patent application.

INVESTING.
SUCCEEDING.

SYNGENE'S FIRST INTERNATIONAL ANTIBODY SYMPOSIUM

During the year, we organised our first international antibody symposium – INNO 2018. Six hundred scientists participated in this two-day symposium that had speakers from the industry and the academia, at the event in Bengaluru. This event was co-sponsored by Amgen Inc. and Thermo Fisher Scientific

BIO-EXCELLENCE AWARD 2018

Syngene was awarded the Bio-Excellence Award 2018 for the second consecutive year at the Bangalore Tech Summit in the Bio-services – CRO/CRAMS category. This is our fifth Bio-Excellence Award

3

INTEGRATED DRUG DISCOVERY PROGRAMME

Challenges

A European biotechnology company with a strong foundation in metabolic disorders had a hypothesis for finding new therapeutic agents for a major disorder. They were unable to progress further due to lack of research staff and laboratory.

The Syngene Approach

Syngene worked closely with the founders to develop a research plan. An experienced research team consisting of medicinal chemists, biologists, DMPK and *in vivo* pharmacology experts was put together to develop novel proprietary compounds as new therapeutic agents.

Outcome

The team achieved a candidate selection milestone within a span of about 14 months. With progress on the project, the research team expanded, and work transitioned towards pre-clinical development at Syngene.

4

WORK ON A NEW PLATFORM TECHNOLOGY

Challenges

A biotechnology company successfully launched a platform technology that garnered market attention and marquee clients. They needed to quickly expand their team and build skills in areas like logistics and shipping for compound management activities.

The Syngene Approach

Adopted integrated approach – from single component to cluster work.

Outcome

The relationship has evolved from a 6 FTE project to an 80+ strong scientific team. Syngene works as an extension of the client's laboratory, providing synthetic chemistry expertise, carrying out DMPK and other studies, independent problem solving and helping the client attain project objectives.

INVESTING IN CLIENT COLLABORATION

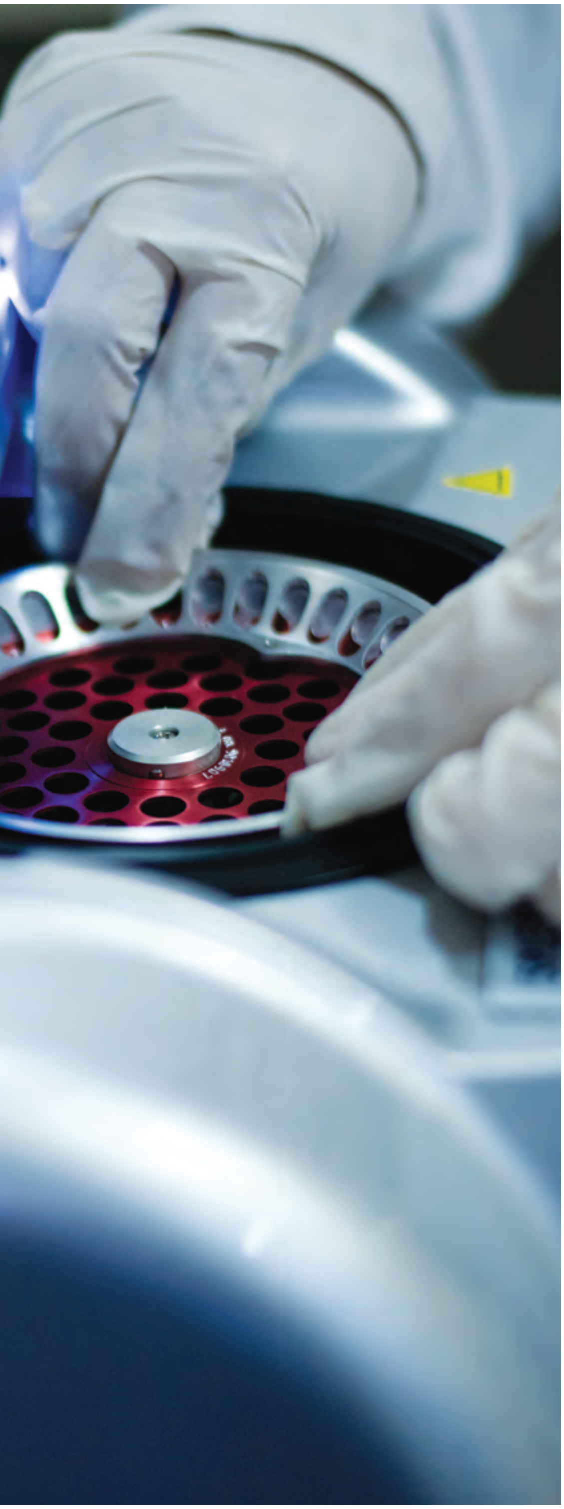
LEVERAGING BIOINFORMATICS IN DRUG DISCOVERY & DEVELOPMENT

A combination of biology and information technology, the field of bioinformatics comprises all the computational methods needed to analyse large amounts of data generated in high-throughput biological experiments.

The field of bioinformatics caters to molecular biology, structural biology, genomics, and data sciences; its use is becoming ever more essential in nearly all aspects of drug discovery, drug assessment and drug development.

We offer integrated bioinformatics services to biotechnology and pharmaceutical companies across the drug discovery continuum. The scope of our service spans the entire gamut: from building data packages, pathway databases and knowledge bases, to analysis of high throughput data, predictive modelling, structural modelling, mechanistic toxicology and systems biology.

During the year, we entered into a collaboration with a French biotech company to develop and commercialise a novel cholestatic DILI prediction tool. This tool will help pharmaceutical companies predict the impact of a drug on the liver.



5

PREDICTING PROTEIN GLYCOSYLATION PATTERNS WITH BIOINFORMATICS

Challenges
While manufacturing biologics, one of the challenges is to find the right choice of parameters that would yield the required protein glycosylation profile. This was earlier being determined only by the trial-and-error method, which meant a number of time-consuming laboratory experiments.

The Syngene Approach
The bioinformatics team at Syngene developed a mathematical model to conduct virtual trials and find the optimal parameters to produce the required glycosylation profile.

Outcome
The model not only acts as a surrogate to the real-life experiments, but also suggests smarter short-cuts to limit the number of trials needed to converge to the required end-results.

6

FINDING A NEW INDICATION FOR A TARGET WITH BIOINFORMATICS

Challenges
A biopharma client was developing dual kinase inhibitors and looking for alternative therapeutic areas for them as a backup in case of problems.

The Syngene Approach
Gene expression data was analysed to identify diseases where the targets were differentially expressed. Protein-disease interaction networks were also examined to identify diseases associated with neighbouring proteins and pathways associated with the targets.

Outcome
The probable mechanism of action was derived for diseases prioritised. This led to the client switching indications for the programme when they ran into efficacy issues for the primary therapeutic area.

INVESTING IN CLIENT COLLABORATION

DEVELOPMENT & MANUFACTURING SERVICES

Our development services support the journey of a molecule through pre-clinical studies, clinical development and commercialisation phases. The trust built with our clients over the development phase, along with the vast knowledge and experience gained through these processes, puts us in a strong position to partner our clients in the manufacturing stage. Our facilities can support the manufacture of developmental batches as well as commercial supplies of these molecules. We offer a wide array of scientific services, allowing our clients bring a molecule to market and are also investing in enhanced manufacturing capabilities to support higher production.

We have a state-of-the-art cGMP facility in Bengaluru to manufacture New Chemical Entities. The facility is designed to support multi-kilogram to hundreds of kilograms per batch of Intermediates and APIs for clinical trials. The current capacity can also support initial commercial supplies.

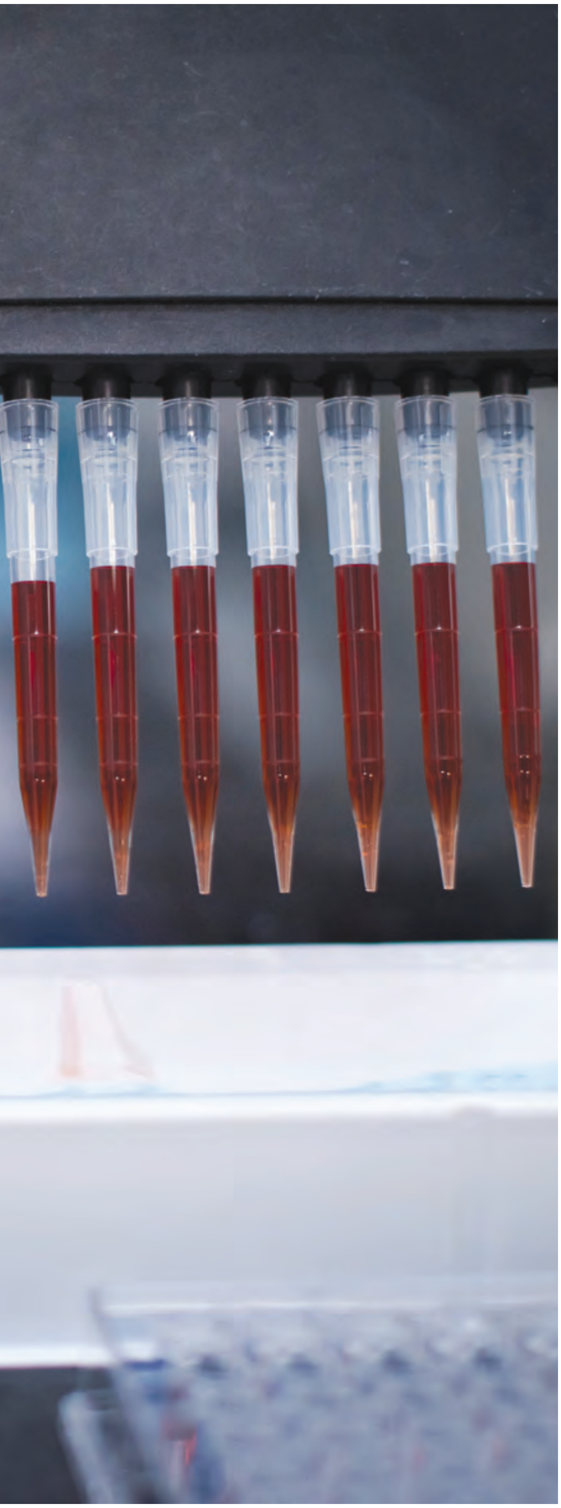
The construction activities of our API manufacturing facility in Mangaluru, is underway, with all relevant approvals in place and is scheduled to be commissioned by the end of FY20.

Biologics Manufacturing

We provide end-to-end development services in biologics manufacturing from cell line and process development through to large scale production of material for animal studies, clinical trials and commercial supplies. We offer one-stop shop support for the development of antibodies and other protein-based products for pharmaceutical and life sciences industries.

While the demand for biologics is increasing at a brisk pace, globally there is a dearth of high quality and high capacity manufacturing facilities. We have invested in building state-of-the-art biologics manufacturing infrastructure to partner companies in this sector. A modern, disposables-based mammalian manufacturing facility with multiple 2,000L bioreactors and a microbial manufacturing facility were commissioned in FY18.

A MODERN, DISPOSABLES-BASED MAMMALIAN MANUFACTURING FACILITY WITH MULTIPLE 2,000L BIOREACTORS AND A MICROBIAL MANUFACTURING FACILITY WERE COMMISSIONED IN FY18.



Performance Review

The growth in development and manufacturing services during the year was driven by a strong performance in the chemical development segment as well as traction in biologics manufacturing.

We successfully partnered our client in conceptualising and developing paediatric sprinkles dosage form for their programme. The client has filed a formulations patent for this dosage form. We also achieved completion of development and clinical supplies manufacturing of a drug product for a client and obtained Medicines and Healthcare Products Regulatory Agency (MHRA) approval for Investigational Medicinal Product Dossier (IMPD) filed. First-in-human (FIH) study has been initiated.

During the year, we enhanced efficiencies, including faster turnaround time at our laboratory, through effective workplace management system. Our injectable development capabilities were strengthened to provide improved services to our clients. The integrated Chemistry, Manufacturing and Controls (CMC) development portfolio was also made more robust, a strategic initiative aligned with our goal to invest in partnerships. The oral solid manufacturing facility successfully cleared a USFDA with zero 483 and No Action Indicated (NAI).

In the Biologics business unit, we expanded our process development capabilities by adding major state-of-the-art equipment. Our mammalian manufacturing facility demonstrated good momentum with confirmation of new orders for clinical supplies. We are witnessing considerable potential for undertaking long-term commercial supplies as well for our clients. The viral testing facility for establishing the safety of biological product also received confirmation of new orders. A significant milestone was winning our first client order in Australia for end-to-end development and manufacturing of a novel monoclonal antibodies (mAb), thus expanding our business footprint in Asia-Pacific.

We are committed to partnering the nation towards becoming a global hub for strategic research and development in biotechnology. In this regard, we are proud to share that the Biologics vertical established a National Centre for Advanced Protein Studies (CAPS) at our Bengaluru facility. The Centre is funded by Biotechnology Industry Research Assistance Council (BIRAC), a government agency supporting start-up biotech companies in India. The facility provides access to high end protein characterisation to all Indian companies and academic researchers.

A SIGNIFICANT MILESTONE WAS WINNING OUR FIRST CLIENT ORDER IN AUSTRALIA FOR END-TO-END DEVELOPMENT AND MANUFACTURING OF A NOVEL MONOCLONAL ANTIBODIES (MAB), THUS EXPANDING OUR BUSINESS FOOTPRINT IN ASIA-PACIFIC

INVESTING IN CLIENT COLLABORATION

EVERY CLIENT MATTERS

All partnerships are equally important to us – large companies, mid-sized to small ones, start-ups and not-for-profit organisations. We pride ourselves on being reliable partners providing customised, high-quality, regulatory-compliant, and cost-effective services to all, irrespective of the size, scope or scale of the research programme.

7

MERCK KGaA COLLABORATION

The two-decade-long collaboration with Merck KGaA, one of the largest pharmaceutical companies in the world, aptly represents Syngene's commitment to invest in partnerships. The strategic relationship has evolved over time to cover a wide range of discovery services for small and large molecules.

It started in 1998 when Syngene partnered with Serano Pharmaceuticals Research Institute (SPRI). Subsequently, SPRI was acquired by Merck in 2005 and renamed Merck Serano. Over the years, both the companies have jointly worked in the areas of protein technology, molecular biology, cell science, antibody discovery and ADCs supporting both small and large molecules. In FY19, the Merck KGaA collaboration was extended up to 2022. The renewal of the agreement reaffirms the confidence that Merck KGaA has in Syngene's capabilities. At the same time, Syngene remains committed to work together on even more complex discovery biology projects and further accelerate the client's R&D actvities.

8

PHARMAUST COLLABORATION

PharmAust Limited is a clinical-stage oncology company developing therapeutics for both humans and animals. The company specialises in repurposing marketed drugs, thus lowering the risks and costs of development.

PharmAust collaborated with Syngene for the development of prototype Good Manufacturing Practice (GMP) methods suitable for the scale-up manufacture of monepantel and its analogues for use in clinical trials. Monepantel is PharmAust's human and veterinary cancer drug candidate.

The completion of the development of GMP method for monepantel analogues was announced by PharmAust in October 2018. The development of this GMP technology means PharmAust can now progress to the next stage of development – conducting more trials and upscaling its operations.

9

MVDP COLLABORATION

Multi Vaccines Development Program (MVDP) is a not-for-profit-research society. MVDP is committed to undertaking, outsourcing, assisting, promoting and encouraging scientific studies, epidemiology studies, product development, clinical studies and also establishing field sites with the objective of advancing the development of vaccines against P. falciparum and P. vivax malaria.

MVDP and Syngene are collaborating on cGMP manufacturing of PvDBPII and for its clinical testing (Phase I). Currently, the Phase I testing of PvDBPII/GLA-SE is underway at Syngene through three immunisations. Safety assessments and follow-up of the subjects for six months will be conducted, and the identified immunogenicity assays will be performed.

10

COLLABORATING WITH VIRTUAL COMPANIES

A small virtual biotechnology company wanted to explore the opportunity of working with CROs to address synthesis challenges with their series of compounds.

Syngene collaborated with the client and was able to deliver a series of their natural product derivatives four weeks ahead of the projected timeline. The engagement deepened, as the client, who started the project with 4 FTEs, increased the team size to 15 FTEs within 6 months. Further, the client consolidated all their projects at Syngene.

INVESTING.
SUCCEEDING.

331

CLIENTS IN FY19 FROM 183 IN FY13

INVESTING IN QUALITY

It is our firm conviction that quality is non-negotiable and must be manifested across every process, input, output and endeavour of our organisation. This unflinching focus and continual investment in quality has made it one of our key differentiators.

Drug discovery, development and manufacturing is a serious responsibility. Meticulous care must be taken to ensure adherence to the highest standards of quality and safety across every phase of the discovery and development process. Spread over 1.4 Mn sq. ft., our research and manufacturing facilities in Bengaluru are accredited by major global regulatory authorities. Our quality management systems are continually monitored, evaluated, and upgraded to meet evolving industry regulations and industry best practices.

During the year, we strengthened the overall quality function by appointing a Chief Quality Officer. We also enhanced the quality governance structure, bringing in greater accountability and ownership across all levels.

We continue to strengthen the quality process with the implementation of digitisation and electronic Quality Management System (e-QMS) tools. The use of these tools enable us to keep pace with the ever-growing number of processes and documentation in R&D and manage compliance and risk efficiently.

INVESTING. SUCCEEDING.

Over the past four years, we have successfully cleared seven USFDA audits of our facilities

QUALITY ASSURANCE CERTIFICATIONS AT SYNGENE

- USFDA approval for Formulations Centre
- Certification as per ISO 13485:2016 requirements
- Certification as per ISO 9001:2015 requirements
- GMP certification from Karnataka Drugs Control Department, Government of Karnataka, for Formulation Centre
- GLP certification from National GLP Compliance Monitoring Authority (NGCMA), Department of Science and Technology, Government of India, for Large Molecule Bioanalytical laboratory
- Renewal of College of American Pathologists (CAP) certification for Syngene Central Laboratory

INVESTING IN INFORMATION TECHNOLOGY

Complex workflows, massive amounts of highly confidential and sensitive data, and a need for agile execution of tasks, demand robust IT infrastructure and proficient use of new technologies. Our investment in state-of-the-art technology and data management systems, including data security, strengthens our proposition as a strategic partner.

The future of the outsourcing model belongs to strategic partners who can address larger portions of the development lifecycle in a consistent, confidential, and timely manner. Information Technology (IT) is a key enabler for Syngene and plays a critical role in ensuring seamless operations, data and IP protection.

IT Disaster Recovery

Disaster Recovery (DR) is an area of security planning that aims to protect all data in case of any eventuality. DR allows us to maintain or quickly resume mission-critical functions in the rare event of a disaster, thus ensuring business continuity. A dedicated DR site has been set up outside Bengaluru.

Enterprise Backup

Enterprise Backup and Recovery Solution from Commvault for integrated, automated data protection provides a single, complete view of all the stored data, whether it is on-site or in the cloud. A vendor neutral solution, Commvault software has also eliminated the need for separate data silos associated with traditional backup, archive, and reporting products, thus reducing infrastructure requirements. Backup and recovery processes have also improved with the use of this application.

Vulnerability Assessment

We continue to perform Vulnerability Assessment and Penetration Testing processes twice a year with the help of different service providers. This gives us a detailed view of the vulnerabilities facing our applications, enabling us to better protect our systems and data from malicious attacks.

IT Service Management

Syngene continues to prioritise client engagement and continuous process improvement. Our IT system has redefined its approach to resolve user tickets in more innovative ways while accelerating productivity. New automation driven approaches like predictive fix, chatbots, and self-heal have been implemented. This will help to proactively minimise outages and disruptions of user activities.

Salesforce CRM application

Salesforce Customer Relationship Management (CRM) application is being implemented to enable our sales team streamline business imperatives and make data-driven decisions. Client profiling and distributor performance management will now be done on a mobile-first platform. The insights gathered will enable us to be proactive in client engagement and infer the additional services that can be offered.

Enterprise Applications for Automation

We continued to drive the deployment of Quality Management System (QMS) and Laboratory Information Management System (LIMS) to automate our quality processes and ensure their high standards. QMS has been deployed across all business units and yields the benefits of improved product quality, improved regulatory compliance, increased efficiency and reduced risk for our operations. LIMS, on the other hand, has transformed our labs into modern centres of excellence. Elimination of human error, enhanced quality compliance and data integrity are the main advantages from its implementation.

INVESTING IN SUPPLY CHAIN

Smooth and uninterrupted supply of materials is critical in our business. Our investment in developing a sustainable and clearly defined supply chain allows us to drive operational efficiencies.

The path from the discovery of a promising molecule through the development stages and final approval requires timely supply of innumerable inputs and services under a wide range of regulatory requirements. Our dedicated team of Supply Chain Management (SCM) professionals have the expertise and experience to work closely with our global supplier base to ensure timely delivery of supplies, while ensuring strict adherence to quality and regulatory compliances.

Responsibilities of SCM Team

Procurement

Select, monitor and manage suppliers through the vendor evaluation system, which includes pre-assessment, audit and performance review.

Logistics

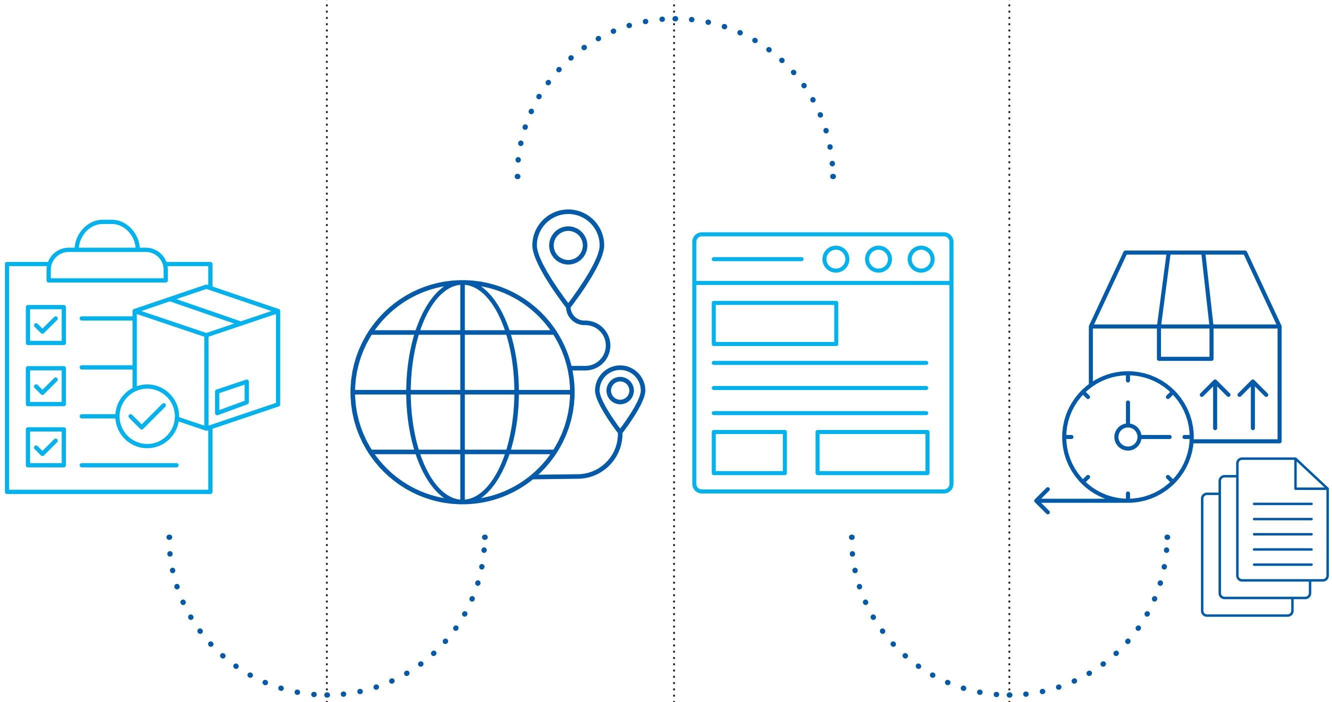
Provide customised solutions for time-sensitive shipments and ensure product delivery at the fastest possible time while meeting local and international regulations.

Commercial

Work as per the rules of the various governmental departments to ensure timely approvals, and to maintain requisite business licences.

Inventory Management

Manage receipts, issues, handling and accounting of the materials and identify trends and adjust plans to optimise the supply chain.



Focus on speed, quality and compliance

The holistic SCM approach reduces lead times and streamlines the supply management processes further while meeting regulatory compliance. We are also embracing innovative technology and better ways of working with our suppliers, forwarders, logistics partners and other channel partners. The use of SAP and Warehouse M-System (WMS) across all stock points enables better traceability and cuts retrieval time and risk of loss. This year, considerable progress was made in improving the supply timeline and reducing our costs.

INVESTING.
SUCCEEDING.

94%

ON-TIME DELIVERIES

Reduction in Storage Risk

OFF-SITE INVENTORY STORAGE FOR SOLVENTS AND CONSUMABLES

83%

REDUCTION IN PAPER CONSUMPTION AFTER DIGITISING MOST OF THE SUPPLY CHAIN FUNCTIONS

20,000 sq. ft.

STORAGE SPACE FREED BY ADOPTING JUST IN TIME INVENTORY MANAGEMENT SYSTEM

Freight forwarding and Logistics networking

ESTABLISHED A STRONG LOGISTICS AND SUPPLY CHAIN NETWORK FOR FASTER DELIVERY OF BOTH INBOUND AND OUTBOUND SHIPMENTS TO CLIENTS

INVESTING IN PEOPLE

Syngene is its people. They're the ones behind the science, the experts who innovate with their deep knowledge and technical competence and enable us to stay one step ahead in meeting client expectations. We continually look for new and better ways to develop their capabilities.

At Syngene, we continuously invest in building a culture of learning, developing and growing. Syngene scientists work on some of the world's most advanced and cutting-edge projects, enhancing their expertise further.

Developing Leadership

As we work to transform Syngene into a best-in-class organisation, strong leadership and a commitment to collaboration is essential. 'Leadership and Beyond' (LAB) is one of our flagship programmes to augment the leadership and managerial capabilities of the middle management. This year, we launched 'Advanced LAB' to ensure continuity in the reinforcement of leadership skills, along with the Basic LAB programme for the new batch of leaders. We also launched 'Leadership Next', a focussed development programme providing customised inputs to participants and enabling them to gain an understanding of their leadership style. LAB and Leadership Next ensure a leadership pipeline to take our Company to the next level.

Thrust on Training

The Syngene Training Academy (STA) Bootcamp was launched to provide corporate induction, soft skills session and technical skill training in three different phases. In addition, we also introduced a more advanced level workshop, Articulate, to provide in-house language training based on Common European Framework (CEF) module. Workshops and learning interventions were carried out in the areas of IT, chemical development, failure investigation, quality, Six Sigma, and professional development, among others.

Recognising Performance

A robust multi-tier performance management process is in place to boost employee morale, increase productivity, and retain talent. We implemented a new Performance Management System (PMS) tool that provides 360-degree feedback and further democratises the review process. Automation of the PMS process using the new application will also expedite appraisal, save time and effort, and help maintain a database. Job evaluation of critical talent was also revisited during the year.

Building Stronger Teams

We enhanced our skill portfolio through the addition of new capabilities. Our campus outreach was increased to include 30% new colleges under Syngene Academia Industry Link (SAIL), our campus connect initiative. We now collaborate with around 35 institutions to propel talent acquisition. We also introduced assessment tests to improve the quality of hires. The introduction of gamification for the 'Safety' session in our induction training programmes offers a better learning experience.

Promoting the Right Culture

We recognise that it is critical to invest in building a cohesive work environment to emerge as an employer of choice. Articulating our focus on gender diversity and inclusion is our initiative Stree@Syngene. Gender sensitivity workshops, roadshows on integrity, and whistle-blower policies, employee welfare initiatives are some other ways to build and maintain the right culture.

INVESTING.
SUCCEEDING.

85%

EMPLOYEES OF OUR TOTAL HEAD COUNT ARE SCIENTISTS

71,101

MANHOURS OF TRAINING

'Best Leadership Development Program for Middle Management Award'

SYNGENE WAS CONFERRED THIS AWARD IN FY19 BY THE WORLD HRD CONGRESS FOR OUR PROACTIVE APPROACH TOWARDS BUILDING LEADERSHIP SKILLS FOR OUR MIDDLE LEVEL MANAGERS

INVESTING FOR LONG-TERM VALUE CREATION

We have consistently invested in our infrastructure, enhanced client engagement and continued with innovation for business growth. The astute attention to delivering growth is matched with our uncompromising attention to integrity, operational excellence, risk mitigation and responsibility for sustained value creation.

Business Scalability

As greater proportion of R&D investments continue to be outsourced, we are well-positioned to leverage this opportunity. Our planned capital investment of USD 550 Mn by FY21 will drive multiple layers of growth: capacity expansion, capability additions, client engagement and forward integration.

Predictable Revenue Stream

Syngene has entered into several long-term contracts, which provide us robust revenue visibility. At the same time, we continue to drive repeat business from numerous clients. This predictability in our revenue enables us to make investments in our human talent, technology and supply chain to further drive improvements in our processes and our profitability.

Operational Excellence

Operating in a competitive business environment, we recognise that the pursuit of operational excellence is critical to gain measurable benefits. Teams have been set up and entrusted the responsibility of driving efficiencies. Leading process methodologies such as Lean Thinking, Kaizen and Six Sigma have been deployed across business functions to achieve excellence in execution. Setting up of end-to-end inventory management systems, improving the quality control productivity and building a culture of excellence by institutionalising best practices have also been embraced to lower operational risk and costs and drive increased revenues.

De-risked Business

Risk-mitigation, both internal as well as external risks, is an integral component of our management practices and governance to maximise shareholder's wealth. Our aggressive focus on business development has enabled us to diversify our client base. Growing relationships with small and virtual companies and extending our presence to sectors beyond pharmaceuticals have reduced over exposure to few large clients. Revenues from top 10 clients have steadily declined from 71% in FY13 to 65% in FY19, underlining the success of our client-risk mitigation strategy. Owing to the global exposure of the business, we also have proactive hedging policy to ensure management of our margins against foreign exchange movements. Stringent quality systems for regulatory compliance and extensive IT security systems for data confidentiality further enable us to maintain our reputation as a trusted solutions provider.

OUR DISCIPLINED APPROACH TO COST MANAGEMENT AND IMPROVED PRODUCTIVITY HAVE YIELDED TANGIBLE RESULTS, AS REFLECTED IN OUR EBITDA MARGINS OF 32% WHICH ARE AMONG THE HIGHEST IN THE INDUSTRY.

WE DEEPLY BELIEVE THAT A BUSINESS EMBODYING AN HONEST AND CANDID APPROACH IS A BETTER BUSINESS IN THE LONG TERM. THIS IS REFLECTED IN OUR COMMITMENT TO THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE AND EMBRACING THE PRINCIPLES OF INTEGRITY, ACCOUNTABILITY AND STRICT COMPLIANCE.

Financial Discipline

As we make investments in our business, it has always been within the strict and clear framework of discipline. Infrastructure investments are made in a staggered manner and aligned with business visibility. Our disciplined approach to cost management and improved productivity have yielded tangible results, as reflected in our EBITDA margins of 32% which is among the highest in the industry. We also have a strong track record of consistent financial growth with our PAT growing at a CAGR of 17% between FY15 and FY19.

Our concerted efforts to optimise financial performance is mirrored in our balance sheet. Prudent working capital management has ensured that we have a very strong balance sheet. Going forward, this unwavering focus on controlling costs and upholding the long-term health of our Company will help us create sustained value for all our stakeholders.

Transparent Governance

We deeply believe that a business embodying an honest and candid approach is a better business in the long term. This is reflected in our commitment to the highest standards of Corporate Governance and embracing the principles of integrity, accountability and strict compliance. Transparency is also critical to enhance and retain investors trust. Aligned to our value-led culture, stakeholder meetings are regularly held for sharing timely and adequate information and building a strong connect with our shareholders and all stakeholders.

Professional Management

Since inception, our business is steered by professionals having top qualifications, industry-leading administrative and technical skills and vast experience. The Management is guided by well-defined goals and objectives, and the members are decision makers in their own right. Professional management of business operations will facilitate future growth, meet expectations of different stakeholder groups and enhance shareholder value.

INVESTING.
SUCCEEDING.

22%
CAGR OF REVENUE FROM FY15 TO FY19

20%
CAGR OF EBITDA FROM FY15 TO FY19

17%
CAGR OF PAT FROM FY15 TO FY19

INVESTING IN SUSTAINABLE OPERATIONS

At Syngene, good performance goes far beyond profits. It is about doing things that are right for our people, partners, and our planet. Passionately committed to a better, safer and greener future for all, we find great pride and purpose in investing in sustainability.

EMPOWERING EMPLOYEES THROUGH EDUCATION AND TRAINING TO ADOPT ENVIRONMENT, HEALTH AND SAFETY POLICIES, PRACTICES AND PROCEDURES, WHILE ADDING STRATEGIC VALUE TO THE BUSINESSES.

Our endeavour to create a culture of safety, health and environment is being reinforced through our ambition of 'Environment, Health, Safety and Sustainability (EHSS) Goal Zero'. Under EHSS Goal Zero, our priority is to achieve zero harm, zero loss time injuries and zero environmental liabilities. We are driving EHSS Goal Zero through the following ways:

- Empowering employees through education and training to adopt environment, health and safety policies, practices and procedures, while adding strategic value to the businesses
- Anticipating, identifying, assessing and managing EHSS risks associated with our business, employees, contractors and communities
- Implementing an effective audit and verification approach across the Company to track compliance with our EHSS policies, procedures and practices
- Continuously seeking to upgrade Syngene's approach to meet our EHSS goals

We also carry out EHSS assurance assessment of our vendors; expert advice is provided to help them ensure compliance. We assist them in carrying out process risk assessments and impart occupational health awareness training along with process equipment design review – this ensures a safe working environment for the vendors' employees while they work on our projects.

Environment

Syngene remains committed to limit its environmental footprint by acting on every front. Our environmental practices have ISO 14001: 2015 certification. New initiatives were taken during the year to achieve energy efficiency and optimisation. Heat Recovery Smart Solution (HRSS) was implemented at one of our facilities, enabling us to reduce our carbon emissions. Waste heat is being recovered from steam, condensed and reused. We continue to explore and implement all possible ways to reduce, reuse and recycle our waste and ensure its safe disposal. Waste solvents are segregated at the source of generation to enable appropriate disposal. Solvents from non-hazardous processes are sent for recycling while those from hazardous processes are incinerated to avoid contamination. A tertiary effluent treatment plant set up at our premises handles the effluent generated at our research and manufacturing facilities. The water recovered in this plant is treated and recycled for use in utilities and landscaping, as per prescribed norms. Around 70% of our waste solvents are recycled.

Health and Safety

Employees are made aware on the workplace hazard control through trained to understand hazard communication, standard operating procedures, checklists and safety guidelines. EHSS function coordinates with various BU for compliance to local/National and international regulatory authorities. Our OHSAS 18001:2007 certification is a strong sign of commitment to occupational health and safety.

Risk assessment studies are the starting point for assessing unidentified hazards and arrive at mitigation strategies. A diligent and detailed risk assessment before project commencement is also carried out, with either an in-house or an external team, with regard to facility, infrastructure, equipment, and raw materials. This is done to identify and eliminate or mitigate hazards associated with the processes.

Kavach – Investment in Sustainable Safety

Kavach is our flagship safety initiative to bring about a cultural and operational change within the organisation. Embedding EHSS systems and processes at par with global standards, Kavach aims to safeguard not only our employees, contractor employees, equipment, infrastructure, and property, but also ensure that our clients' projects are not impacted by any incident. This helps us to build lasting partnerships with employees, clients, and the community at large. We have teamed up with Dupont Safety Services, a global leader in industrial safety, for the execution of Kavach.

The vision of Kavach is 'Safety is at the heart of everything we do personally and professionally'. The programme has four main focus areas: Laboratory safety; Infrastructure and Project safety; Workplace safety; and Process safety. Dedicated work streams have been formed to work on each of these focus areas. The programme is directly supervised and monitored by the Safety Board (members of Syngene Executive Council) and the teams are led by business unit heads.

INVESTING.
SUCCEEDING.

2 Mn

Safe Manhours

ACHIEVED A NEW MILESTONE AT THE UPCOMING MANGALURU PROJECT, IN SAFE OPERATIONS EXECUTION WITH NO MAJOR ACCIDENTS RECORDED IN THIS PERIOD

19,222

MANHOURS OF TRAINING PROVIDED UNDER KAVACH IN FY19

'Safe Workplace Champion Award'

KAVACH RECEIVED THE SAFETY AWARD AT THE '8TH MANUFACTURING SUPPLY CHAIN SUMMIT AND AWARDS' HELD AT MUMBAI

Greater Safety

MOLECULAR BIOLOGY LABS HAVE BEEN MADE ETHIDIUM BROMIDE-FREE

INVESTING IN A LARGER PURPOSE

We believe we have a wider commitment to the places and communities where we live and work. This core value inspires us to undertake welfare activities, empower communities and build relationships to transform lives.

Our corporate social responsibility efforts are largely focussed on healthcare, education, environmental sustainability, rural development, promotion of art and culture, gender equality and safety of the vulnerable sections of the society. Being a part of the Biocon Group, our responsibilities are discharged at a Group level through the Biocon Foundation. In addition, Biocon Foundation has aligned the social contribution priorities to support the United Nations' Sustainable Development Goals. This helps us provide positive outcomes that have a lasting impact.

The year under review witnessed strong and determined efforts to come up with structured interventions in primary healthcare, education, rural development and environmental sustainability, to address crucial national and state level developmental challenges.

Healthcare

We focus on improving health awareness and addressing the issues of availability and accessibility to quality healthcare. Our initiatives span across preventive and primary care, Non-Communicable Diseases (NCDs) and child health.

Investments have been made in technology-enabled processes to build sustainable primary healthcare systems. The eLAJ Smart Clinic platform developed in-house is a case in point. These Smart Clinics maintain electronic records of patients to deliver evidence-based primary healthcare to underserved communities. The clinics are equipped with laboratories for conducting more than 50 types of tests. Reports from the laboratory are seamlessly shared with the physicians via live dashboards. In addition to clinical data, the dashboards also provide macro-level perspective of the performance of the health centre. We are also partnering governmental agencies in Karnataka to continue to address the critical gaps in the areas of primary healthcare through our digital platform. eLAJ Smart Clinics are an independent operation and as part of government Primary Health Centres in Karnataka.

Our NCD healthcare interventions increased in response to the growing need. The oral cancer screening programme is set for pan-India coverage with special emphasis on the North East region. Screening camps for breast and cervical cancers, clinics for diabetes management and to promote child health and nutrition were regularly organised. We also partnered programmes for geriatric care, mental health and school health.

Education

Chinnara Ganitha, a workbook series exclusively developed by Biocon Foundation to provide children with a strong foundation in mathematics, is successfully running in its twelfth year. We distributed over 1 lac math workbooks across about 1,000 government schools in Karnataka in partnership with the Bangalore Political Action Committee (BPAC). While earlier the books were distributed only in rural and semi-urban areas, this year urban government schools were also included. This change resulted in greater effectiveness as well as valuable feedback from their resource persons.

The Aata Paata Wadi after-school enrichment programme in Kodagu, Karnataka, which was thus far restricted to day students of government schools of Standards 5 and 6, was relocated to the Ashrama Residential School run by the Social Welfare Department in Kodagu, and now caters to a larger number of children across Standards 1 to 7.

Rural Development

The growing threat of drinking water shortage has made it imperative that we preserve our natural lakes, the Biocon Foundation drew a multi-pronged strategy to rejuvenate the Hebbagodi Lake. This included adoption of bioremediation, a natural and eco-friendly sewage treatment method involving energy efficient cascading aerators and submersible mixers to enhance the level of dissolved oxygen in the water and floating wetlands treatment to further purify the water; filtering and prevention of solid waste from entering the lake; and creation of closed underground conduits to address sewage spill and stench. The construction of a children's park has further transformed the lake into a scenic site. The learnings are now being incorporated for revival of another waterbody - Yarandahalli Lake in Bengaluru.

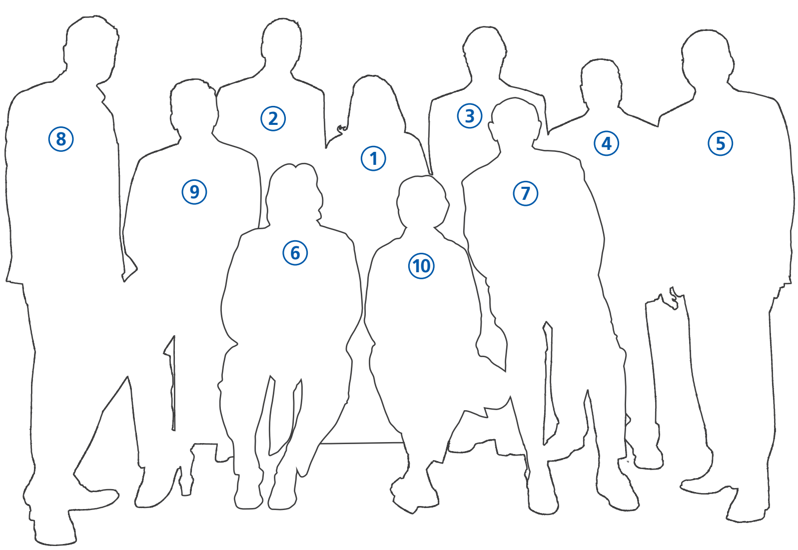
The Foundation built classrooms for government schools and junior colleges. A new project undertaken was to construct a sub-road to connect Kyalasanahalli village to Jigani Town Municipal Council in Karnataka. This will improve accessibility and provide increased employment opportunities to the local rural population.

INVESTING.
SUCCEEDING.

HEBBAGODI LAKE, ONCE A GARBAGE DUMP, HAS NOW MADE IT TO THE LIMCA BOOK OF RECORDS FOR HAVING INDIA'S LARGEST FLOATING ISLAND.

SYNGENE WON THE FICCI CSR AWARD FOR ENVIRONMENT SUSTAINABILITY FOR ITS EFFORTS (THROUGH THE BIOCON FOUNDATION) TO REVIVE AND RESTORE THE HEBBAGODI LAKE IN BENGALURU.

BOARD OF DIRECTORS



① Kiran Mazumdar Shaw

Managing Director

Ms. Shaw is a first-generation entrepreneur with over 44 years of experience in the field of biotechnology. She is a recipient of 'Padma Shri' and the 'Padma Bhushan' awards. She was also conferred with the highest French distinction – Chevalier de l'Ordre National de la Légion 'Honneur (Knight of the Legion of Honour) in 2016. She is ranked #1 in the Business Captains category in Global 'Medicine Maker Power List' 2018. Ms. Shaw is the only Indian in the Hurun Global Self-Made Women Billionaires List 2017. She is also the Chairperson and Managing Director of Biocon Limited, Independent Director on the Board of Infosys and United Breweries Ltd.

② Jonathan Hunt
Whole-time Director and Chief Executive Officer

Mr. Hunt is an MBA from Durham University, United Kingdom, with over 25 years of experience in the global biopharmaceuticals industry. At Syngene, he is responsible for leading the Company's business operations and steering its investments in developing and strengthening its capabilities and capacities. He held various leadership positions at Astrazeneca for over a decade, including President and Director of Astrazeneca, Austria, and President and Chief Operating Officer (COO), Astrazeneca, India.

③ John Shaw
Non-Executive Director

Mr. Shaw has a postgraduate degree in Arts (Economic Hons.) in History and Political Economy from Glasgow University, United Kingdom. Currently, he is the Non-Executive Vice-Chairman of Biocon Limited. Before joining Biocon, he worked with Coats Viyella Plc. for 27 years and served as Finance Director and Managing Director of the Coats Viyella group companies. He is also the former Chairman of Madura Coats Limited.

④ Dr. Bala S. Manian
Independent Director

Dr. Manian has over 35 years' experience in the realms of biomedical sciences. Along with a postgraduate degree in Optics from the University of Rochester, United States, he also earned his doctorate in Mechanical Engineering from Purdue University, United States. He has more than 40 patents registered in the field of physics, engineering and biomedical sciences. He was felicitated with Technical Academy Award by the Academy of Motion Picture Arts and Sciences in February 1999 for advances in digital cinematography. At Syngene, Dr. Bala S. Manian is a Chairman of Nomination and Remuneration Committee and Corporate Social Responsibility Committee, and a member of Risk Management Committee.

⑤ Suresh Talwar
Independent Director

Mr S.N. Talwar is a graduate in commerce and law of the Bombay University. He is also an Advocate and Solicitor of the Bombay High Court. When in active practice, he specialised in corporate laws including corporate tax. He is on the Board of Proctor and Gamble Health Limited, Sonata Software Limited and Elantas Beck Limited. He is also on a few private companies such as Johnson & Johnson, Aditya Birla Trustee Company, among others. He was a senior partner at Crawford Bayley and Co. till 2006. He launched and subsequently retired from his own law firm 'Talwar Thakore and Associates', which he ran in association with Shobhan Thakore. At Syngene, Suresh Talwar is a member of Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee, and a Chairman of Stakeholders Relationship Committee.

⑥ Professor Catherine Rosenberg
Non-Executive Director

Professor Rosenberg received her Diplome d'Ingénieur' from the Ecole Nationale Superieure des Telecommunications de Bretagne and an M.S. (Computer Science) from the University of California. She also earned a 'Doctorat en Sciences' from the Universite de Paris XI. She is a Fellow Member of the Institute of Electrical and Electronics Engineers and was elected a Fellow Member of the Canadian Academy of Engineering in 2013. At present, Prof. Rosenberg is the Canada Research Chair in the Future Internet, the Cisco Research Chair in 5G Systems and a professor in electrical and computer engineering at the University of Waterloo, Canada. At Syngene, Professor Catherine Rosenburg is a member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee.

⑦ Russell Walls
Independent Director

Mr. Walls is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. With an experience of over 45 years in the field of finance, his expertise ranges across industries such as pharmaceuticals, insurance, textiles, transport and leisure. Currently, he is on the board of Biocon Limited where he chairs the Audit Committee and Risk Management Committee and he is a Chairman of Aviva Italia Holdings SpA and a Director on the Board of Neuseren SA. At Syngene, Russell Walls is a member of Audit Committee, Stakeholders Relationship Committee and Risk Management Committee.

⑧ Paul Blackburn
Independent Director

Mr. Blackburn is a graduate in Management Sciences from Warwick University, United Kingdom, and has a professional accounting qualification from Institute of Cost and Management Accountants, United Kingdom. With more than 40 years experience in the field of finance, he worked as senior finance executive at GlaxoSmithKline, UK. Currently, he is also on the Board of Mereo Biopharma Group Plc. At Syngene, Paul Blackburn is a Chairman of Audit Committee and Risk Management Committee, and a member of Stakeholders Relationship Committee.

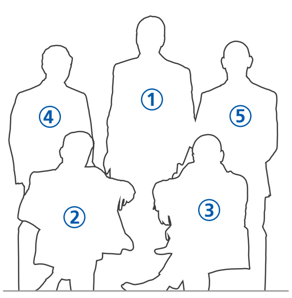
⑨ Dr. Vijay Kuchroo
Independent Director

Dr. Kuchroo has a doctorate in Pathology from the University of Queensland, Australia. He is also the Samuel L. Wasserstrom Professor of Neurology at the Harvard Medical School, United States, and has 25 patents and over 325 research papers in immunology. He is a Member of the Scientific Advisory Boards of leading pharmaceutical companies including Pfizer, Novartis and GSK. He founded five different biotech companies including CoStim Pharmaceuticals and Tempero Pharmaceuticals. At Syngene, Dr. Vijay Kuchroo is a member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee.

⑩ Vinita Bali
Independent Director

Ms. Bali is a global business leader with extensive experience in leading large companies both in India and overseas. She served as Chief Executive Officer/ MD of Britannia Industries from 2005 to 2014. Prior to that, she worked with eminent multinationals like The Coca-Cola Company and Cadbury Schweppes Plc in a variety of marketing, general management and chief executive roles across the globe. Ms. Bali serves as an advisory board member of PwC India and is a non-executive director on the boards of Smith & Nephew Plc, Bunge Limited and CRISIL. At Syngene, Vinita Bali is a member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee.

EXECUTIVE COMMITTEE



1
Jonathan Hunt
Whole-time Director and Chief Executive Officer

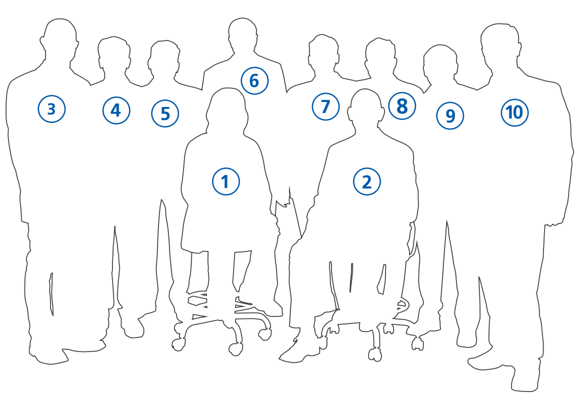
2
M. B. Chinappa
Chief Financial Officer

3
Ashu Tandon
Chief Commercial Officer

4
Sanjeev Sukumaran
Chief of Staff

5
Dr. Kenneth Barr
Senior Vice President - Discovery Services

BUSINESS UNIT HEADS



1
Dr. Jayashree Aiyar
Head - Biology

2
Dr. Kenneth Barr
Sr. Vice President - Discovery Services

3
Dr. Gregory Bisacchi
Global Head - Integrated Drug Discovery

4
Dr. Jegadeesh Thampi
Head - Chemical Development

5
Dr. Purushottam Singnurkar
Head - Formulations

6
Dr. Kalyanasundaram Subramanian
Head - Bioinformatics

7
Dr. Chetan Tamhankar
Head - Clinical Development

8
Dr. Anjan Chakrabarti
Head - Chemistry

9
Dr. Dhananjay Patankar
Head - Pharmaceutical and Biopharmaceutical Development

10
Dr. Mohan Krishnappa
Head - Safety Assessment

CORPORATE INFORMATION

Company Secretary and Compliance Officer

Mayank Verma

Registered Office

Syngene International Limited

Biocon SEZ, Biocon Park, Plot No. 2 & 3,
Bommasandra Industrial Area, IV Phase
Jigani Link Road, Bengaluru - 560 099,
Karnataka, India.
Tel: (+91 80) 6775 5000
E-mail: investor@syngeneintl.com
Website: www.syngeneintl.com

Statutory Auditors

B S R & Co. LLP

Chartered Accountants
Maruthi Info-Tech Center,
11-12/1 Inner Ring Road,
Koramangala,
Bengaluru - 560 071,
Karnataka, India.

Registrar and Share Transfer Agents

Karvy Computershare Private Limited

(Unit: Syngene International Limited)
Karvy Selenium, Tower - B,
Plot No. 31 & 32, Financial District,
Nanakramguda,
Hyderabad, India.
E-mail: einward.ris@karvy.com

Secretarial Auditors

V. Sreedharan & Associates

Company Secretaries
No. 32/33, 1st & 2nd Floor,
GNR Complex,
8th Cross, Wilson Garden,
Bengaluru - 560 027,
Karnataka, India.

Board's Report

Dear Members,

On behalf of the Board of Directors (the 'Board'), it's our immense pleasure to present the 26th Annual Report of your Company, along with the Audited Financial Statements and Auditors' Report for the Financial Year ended March 31, 2019. We are also delighted to share that 'Investing in Partnerships' remains a strategic purpose at Syngene to drive sustained value creation. By continually nurturing all our relationships through investments in customer relations, scientific talent, infrastructure, quality, safety systems, logistics, supply chain, information technology and social welfare, we are confident of cementing our position as a respected and relevant integrated scientific solutions provider.

FINANCIAL REVIEW

Your Company's standalone performance during FY19, compared to the previous year is summarised below.

Rs. in Million

Particulars	March 31, 2019	March 31, 2018
Total revenue	19,007	14,849
Total expenditure	12,900	9,587
Profit before interest, depreciation and tax	6,107	5,262
Depreciation & Interest	1,965	1,541
Profit before tax	4,142	3,721
Tax expenses	835	670
Profit for the year	3,307	3,051
Other Comprehensive Income	(702)	87
Total Comprehensive Income	**2,605**	**3,138**

Key highlights of the Company's financial performance during FY19 are as under:

- Revenue increased by 28% (from Rs. 14,849 Mn to Rs. 19,007 Mn)
- Earnings before interest tax depreciation and amortisation (EBITDA) increased by 16% (from Rs. 5,262 Mn to Rs. 6,107 Mn)
- Profit after tax increased by 8% (from Rs. 3,051 Mn to Rs. 3,307 Mn)

A detailed financial performance analysis is provided in the Management Discussion & Analysis Report, which is part of this Annual Report.

OPERATIONAL REVIEW

During the year, the Company's investment in capability and capacity enhancements enabled it to offer more innovative, sophisticated and integrated solutions to its global clients as well as deliver better value for its stakeholders at large. By remaining committed towards innovation, talent development, quality adherence, safety, regulatory compliance and cost optimisation, the Company successfully partnered its clients on their scientific programmes. Concerted efforts were also made in sales and marketing to drive client engagement. The Company's collaborative approach has enabled it to strengthen its position as a trusted strategic partner. This is reflected in the addition of new clients, wider scope of engagement with existing clients and successful foray into new markets.

The year saw considerable traction in the Company's dedicated R&D Centre vertical. The collaboration for the Baxter Global Research Centre (BGRC) was renewed up to 2024 and the scope of engagement was also enhanced. A new laboratory was commissioned, in line with the new agreement, to strengthen the existing capacity of BGRC to work on more complex projects. The extension of collaborations with Bristol Myers-Squib (BMS) and Amgen achieved in FY18 were also streamlined, resulting in higher revenues. As per the new agreement with BMS, a new facility was commissioned. This facility is spread over 25,000 sq. ft. comprising laboratory and office facilities and houses an additional team of about 75 Syngene scientists. The Company successfully completed the development and clinical supplies manufacturing of drug product for Amgen, which has been filed as an IND (Investigational New Drug) application with USFDA, by Amgen.

The discovery research business got a significant impetus driven by contract renewals, deeper engagement with existing clients as well new client wins. The most significant achievement was the renewal of the full-time equivalent (FTE) contract with Merck KGaA up to 2022. The new collaboration entered into with Artelo Biosciences Inc. for the discovery and development of novel oncology drugs was another noteworthy accomplishment.

The Company's chemical development and biologics manufacturing sections reported good performance driven by differentiated capabilities, process improvements and confirmation of new orders. The Company established a National Centre for Advanced Protein Studies (CAPS) at its Bengaluru facility. CAPS is funded by Biotechnology Industry Research Assistance Council (BIRAC), a government agency empowering emerging biotech enterprises in India. The upcoming commercial API manufacturing unit at Mangaluru is progressing as per schedule and is expected to be operational by the end of FY20.

Adherence to quality and compliance is one of the cornerstones of Syngene's success. The Company diligently complies with global regulatory requirements and continues to impress regulatory authorities and auditors with the quality of its facilities and its adherence to various GxP requirements. During the year, Syngene cleared a USFDA inspection of its formulations, stability and quality control units. This is the Company's seventh successful USFDA inspection over the past four years. The Company also invested in electronic Quality Management System (e-QMS) tools to strengthen its quality focus.

SUBSIDIARY COMPANY/JOINT VENTURE

Syngene USA Inc. is a wholly-owned subsidiary, incorporated in FY18, to have a firm foothold in the US market and allow easy access to its clients based in that region.

Pursuant to the first proviso to Section 129(3) of the Companies Act, 2013 ('the Act') and Rules 5 and 8(1) of the Companies (Accounts) Rules, 2014, salient features of the financial statements, performance and financial position of subsidiary is given in Form AOC-1 as Annexure 1 to this Report. The Consolidated Financial Statements presented in this Annual Report include the financial results of the subsidiary.

BONUS ISSUE

In commemoration of the completion of 25 years of the Company, your directors at their meeting held on April 24, 2019, recommended issue of bonus shares in the proportion of 1 (One) new Equity Share of the Company of Rs.10 each fully paid for every 1 (One) existing Equity Share of the Company of Rs. 10 each held by the Members as on the Record Date fixed by the Board, by capitalizing a part of the Free Reserves.

Consequent to the proposal of issue of bonus shares, the authorised share capital of the Company was proposed to be increased from Rs. 2,500 Mn. (250 Mn. equity shares of Rs. 10/- each) to Rs. 5,000 Mn. (500 Mn. equity shares of Rs. 10/- each). Your directors have decided to seek the approval of the shareholders for the above proposals by way of postal ballot.

DIVIDEND

The Board has recommended a Final Dividend @5% (i.e. Rs 0.50/- per share post-bonus) for FY19. The total dividend pay out will amount to approximately Rs. 241 Mn (including dividend distribution tax). The dividend, if approved at the Annual General Meeting (AGM), will be paid to those members whose name appears in the Company's Register of Members as on the record date of July 17, 2019, and the dividend pay- out date is July 31, 2019.

In compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure requirement) Regulations, 2015 ("SEBI Listing Regulations"), the dividend policy of the Company is available on the Company's website at http://www.Syngeneintl.com/investor-relations/corporategovernance. A copy of the same is annexed to this Report as Annexure 2.

RELATED PARTY CONTRACTS OR ARRANGEMENTS

There were no materially significant related party transactions entered between the Company, Directors, management and their relatives, except for those disclosed in the financial statements.

All the contracts/arrangements/transactions entered by the Company with the related parties during FY19 were in the ordinary course of business and on an arm's length basis.

Accordingly, particulars of contracts or arrangements with related parties referred to in section 188(1) along with the justification for entering into such a contract or arrangement in Form AOC-2 does not form a part of the Report.

The Company formulated the policy on 'Materiality of Related Party' transactions and on dealing with Related Party Transactions', and the same is available at http://www.Syngeneintl.com/investor-relations/corporate-governance

The details of related party disclosures form part of the notes to the Financial Statements provided in the Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars, as prescribed under Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are annexed to this Report as Annexure 3.

TRANSFER OF UNPAID AND UNCLAIMED AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

The Ministry of Corporate Affairs under section 124 and 125 of the Companies Act, 2013 requires dividends that are not encashed/ claimed by the shareholders for a period of seven consecutive years, to be transferred to the Investor Education and Protection Fund (IEPF). In FY19, there was no amount due for transfer to IEPF.

CHANGE IN NATURE OF BUSINESS

There has been no change in the Company's nature of business. Your Company continues to be one of the largest and fastest growing Contract Research Organisation (CRO) in the world.

LOANS, GUARANTEES OR INVESTMENTS

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the Financial Statements.

DEPOSITS

During the FY19, the Company did not accept any deposits covered under Chapter V of the Companies Act, 2013.

CREDIT RATING

CRISIL has maintained it's 'CRISIL AA/positive' rating on the banking facilities availed by Syngene from various banking/ financial institutions. The rating on the short-term facilities was reaffirmed at 'CRISIL A1+'.

PAID UP CAPITAL

During the financial year, the paid-up share capital stood at Rs. 2,000 Mn.

MATERIAL CHANGES AND COMMITMENTS

No other material changes and commitments have occurred after the closure of the financial year till the date of this Report, which may affect the financial position of the Company.

HUMAN RESOURCES

Your Company considers its people its biggest asset. As on March 31, 2019, it had 4,619 full-time employees, including 3,996 scientists. This diverse talent pool of scientific and non-scientific professionals and continual investments in growing their capabilities, supports the business in achieving sustainable growth. In FY19, your Company was conferred the 'Best Leadership Development Program for Middle Management Award' by the World HRD Congress for its proactive approach towards building leadership skills for middle level managers. Syngene continues to foster an engaging work environment to attract and retain the best talent. Going forward, the Company intends to keep driving significant growth with its strong intellectual strength and deep knowledge base.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as Annexure 4.

Particulars of Employees' Remuneration, as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report. Considering the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the said information, was sent to the shareholders of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company during working hours up to the date of the ensuing AGM. Any shareholder interested in obtaining such information may write to the Company Secretary in this regard.

EMPLOYEE STOCK OPTION PLAN

Syngene's Employee Stock Option Plan ("the Plan") is administered by the Syngene Employee Welfare Trust ("the Trust") under the instructions and supervision of the Nomination and Remuneration Committee (NRC). The Trust subscribed 66,80,000 equity shares of the Company on October 31, 2012. The NRC, on various occasions, had granted options to various eligible employees of the Company through the Trust. The options under each tranche will vest in the ratio of 25%, 35% and 40% at the end of the second, third and fourth year from the date of each grant, respectively. The exercise period under each tranche is three years from the date of each vesting.

During the financial year, there was no change in the Plan and it complies with SEBI (Share Based Employee Benefits) Regulation, 2014. A total of 191,668 options were granted to eligible employees, and 1,027,963 equity shares were transferred to eligible employees by the Syngene Employee Welfare Trust on exercise of stock options. Further, the Company has obtained a certificate from the statutory auditors of the Company that the scheme has been implemented in accordance with SEBI (Share

Based Employee Benefits) Regulation, 2014 and in accordance with the resolution passed by the shareholders.

As required under Regulation 14 of the above said Regulation, the applicable disclosure as on March 31, 2019 is annexed to this Report as Annexure 5. The details of the Plan form part of the notes to accounts of the Financial Statements in this Annual Report.

CORPORATE GOVERNANCE REPORT

Syngene's Corporate Governance report reveals the philosophy of the Company and its unceasing dedication to ethical business practices across the organisation.

The Company consistently follows good governance practices based on fairness, integrity, transparency, professionalism, honesty and accountability in all its business practices and dealings. The Company's corporate governance framework focusses on adequate and timely disclosures, transparent and robust accounting policies and a strong and Independent Board to maximise shareholders' benefits.

The Company's report on corporate governance for the Financial Year ended March 31, 2019 as per regulation 34(3) read with Schedule V of the SEBI Listing Regulations forms part of the Annual Report.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required under Schedule V(E) of SEBI LODR, the auditors' certificate on compliance with the requirement of corporate governance is enclosed as Annexure 6 to this Report. The auditors' certificate for FY19 does not contain any qualification, reservation or adverse remarks.

DIRECTORS

I. Appointment

During the Financial Year, no appointment has been made.

II. Continuation of Directorship

During the financial year, to comply with the provision of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018, ("the SEBI Listing Regulations"), notified by the Securities Exchange Board of India (SEBI) on May 9, 2018, and which is effective from April 1, 2019, the Company has obtained shareholders' approval via postal ballot for continuation of directorship of Russell Walls and Suresh Talwar, as Non-Executive Independent Directors, who had attained the age of 75 (seventy five) before March 31, 2019 till the conclusion of 26th Annual General Meeting.

III. Re-appointment

The shareholders, at an Extraordinary General Meeting held on September 11, 2014, had appointed Paul Blackburn as an Independent Director for a tenure of five years i.e. commencing from the date of appointment till the conclusion of the forthcoming 26th AGM scheduled on July 24, 2019.

The Board at its meeting held on April 24, 2019, has re-appointed Paul Blackburn as an Independent Director for another term of five years commencing from conclusion of the 26th AGM till the conclusion of 31st AGM proposed to be held in 2024 and he will not be liable to retire by rotation.

The brief resume of the Director seeking appointment/ re-appointment at the ensuing AGM, in pursuance of Regulation 36(3) of SEBI LODR, is annexed to the AGM Notice.

IV. Retirement

Prof. Catherine Rosenberg shall retire by rotation at the ensuing AGM and is eligible for re-appointment. The Board recommends her re-appointment and the same forms part of the AGM Notice.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel (KMP) of the Company are Kiran Mazumdar Shaw, Managing Director, Jonathan Hunt, Whole-time Director and CEO, M. B. Chinappa, Chief Financial Officer and Mayank Verma, Company Secretary.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's policy on Director's appointment and remuneration, including criteria for determining qualifications, independence and other matters, as provided under Section 178(3) of the Companies Act, 2013, is given as Annexure 7 with this report and is also available on the Company's website at http://www.Syngeneintl.com/investor-relations/corporategovernance.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Company's Independent directors confirming that they meet with the criteria of independence as prescribed under section 149 (6) & (7) of the Companies Act, 2013 and SEBI Listing Regulations.

BOARD DIVERSITY

A diverse Board enables efficient functioning through differences in perspectives and skills and fosters differentiated thought processes at the back of varied industrial and management expertise, gender, knowledge and geographical background. The Board recognises the importance of a diverse composition and has adopted a 'Board Diversity Policy', which sets out the approach to diversity. The Board Diversity Policy of the Company is available at http://www.Syngeneintl.com/investor-relations/corporate-governance.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the annual performance of the Board, its Committees, Chairperson and Individual Directors including Independent Directors was evaluated as per the criteria laid down by the Nomination and Remuneration Committee. The details of said evaluation has been enumerated in the Corporate Governance report that forms part of this Annual Report. The outcome of the Board evaluation for FY19 was discussed by the Independent Directors, Nomination and Remuneration Committee and the Board at their respective meeting held on January 22, 2019.

NUMBER OF MEETINGS OF THE BOARD

The Board met 4 (four) times during the year under review. The details of Board meetings and attendance of the Directors is provided in the Corporate Governance Report.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounts for the year ended March 31, 2019. The Board accepted all recommendations made by the Audit Committee.

The members of the Audit Committee are Paul Blackburn (Chairperson), Russell Walls and Suresh Talwar, all Independent Directors. The list and composition of the various other Board-level Committees are provided in the Corporate Governance Report.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company had laid down certain guidelines, policies, processes and structures to enable implementation of appropriate internal financial controls across the organisation. These control processes enable and ensure the orderly and efficient conduct of the Company's business, including safeguarding of assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information. There are control processes both in manual and IT applications including ERP applications, wherein the transactions were approved and recorded. Review and control mechanisms are built in to ensure that such control systems are adequate and operating effectively.

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

The Company has, in all material respects, an adequate internal financial controls system and such internal financial controls were operating effectively based on the internal control criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal control over financial reporting issued by the Institute of Chartered Accountants of India.

RISK MANAGEMENT POLICY

In compliance with Regulation 21 of the SEBI (Listing Obligation and Disclosure Requirements), 2015, the Board of Directors has constituted the Risk Management Committee ("the Committee") on January 22, 2019 to overlook the enterprise-wide risk management framework. Previously this was reviewed by Audit & Risk Committee.

Syngene has in place an enterprise-wide risk management framework that provides a holistic approach to the best of its capabilities. The Committee identifies, assesses and mitigates risks that could materially impact its performance in achieving the stated objectives. For detailed terms of reference, please refer Corporate Governance Report which forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls established and maintained by the Company, work performed by the internal, statutory and secretarial auditors, reviews performed by the management and the relevant Board Committees, the Board, in concurrence with the Audit Committee, is of the opinion that the Company's internal financial controls were adequate and effective as on March 31, 2019.

In compliance with Section 134(5) of the Companies Act, 2013, the Board, to the best of their knowledge, hereby confirm the following:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis;

(e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.

(f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

AUDITORS

Statutory Auditors

M/s. B S R & Co. LLP, Chartered Accountants (ICAI Registration No. 101248W/W-100022) were appointed as Statutory Auditors of the Company at the 23rd AGM held on June 30, 2016, to hold office from the conclusion of 23rd AGM till the conclusion of 28th AGM proposed to be held in 2021. The Auditors' Report on the Financial Statements of the Company for the year ended March 31, 2019 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the Financial Statements and forms part of the Annual Report.

Internal Auditors

The Board at its meeting held on October 20, 2016 had appointed M/s. Ernst & Young LLP as the Company's Internal Auditors for a period of three years.

Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013, the Board had appointed M/s. V. Sreedharan & Associates, Practicing Company Secretaries, as Secretarial Auditors to conduct the Secretarial Audit of the Company for FY19. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark and is annexed to this Report as Annexure 8.

REPORTING OF FRAUD BY AUDITORS

During the year under review, neither the statutory auditors nor secretarial auditors have reported to the Audit Committee any material fraud on the Company by its officers or employees under section 143(12) of the Companies Act, 2013, the details of which need to be provided in this report.

EXTRACT OF ANNUAL RETURN

In compliance with Section 92 and Section 134(3)(a) of the Companies Act 2013 read with applicable Rules made thereunder, the Annual Return is available at the Company's website http://www.Syngeneintl.com/investor-relations/corporate-governance and also annexed as to this report as Annexure 10.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34 of SEBI LODR, the Management Discussion and Analysis Report forms part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

As per section 135 of the Companies Act, 2013, the Company constituted a Corporate Social Responsibility Committee, comprising Dr. Bala Manian (Chairman), Suresh Talwar, Dr. Vijay Kuchroo, Vinita Bali and Prof. Catherine Rosenberg. The Committee monitors and oversees various CSR initiatives of the Company.

The Company's CSR initiatives are based on the principle of making a long-term impact through programmes that promote social and economic inclusion. The Company is committed to innovation and access to affordable healthcare. In line with this commitment and as a socially responsible organisation, the Company invested in CSR programmes aimed at making a difference to the lives of marginalised communities.

The Company's CSR activities are executed through Biocon Foundation, which develops and implements programmes in the areas of healthcare, education, infrastructure projects, rural development, promotion of art and culture, gender equality and safety of the vulnerable sections of the society.

The Company's CSR policy is available on its website at http://www.Syngeneintl.com/investor-relations/corporate-governance. A detailed report on CSR activities is annexed to this Report as Annexure 10.

BUSINESS RESPONSIBILITY REPORT

In compliance with Regulation 34(2)(f) of the SEBI Listing Regulations, the Business Responsibility Report ("BRR") forms part of this Annual Report. The BRR contains a detailed report describing the initiatives taken by the Company on business responsibilities vis-à-vis the nine principles of the National Voluntary Guidelines on social, environmental and economic responsibilities of Business framed by the Ministry of Corporate

Affairs.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company's Whistle Blower policy allows employees, Directors and other stakeholders to report matters such as genuine grievances, corruption, fraud, misconduct, misappropriation of assets, and non-compliance of code of conduct of the Company or any other unethical practices. The Policy provides adequate safeguard against victimisation to the Whistle Blower and enables them to raise concerns to the Integrity Committee and also provides an option of direct access to the Chairperson, Audit Committee. Syngene has engaged "In Touch India, Ernst & Young" to provide online platform to raise complaints by the whistle blower. During FY19, none of the personnel have been denied access to the Chairman of the Audit Committee.

The Whistle Blower Policy is available on the Company's website at http://www.Syngeneintl.com/investor-relations/corporate-governance.

DISCLOSURE UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT, 2013

Syngene has a strict Prevention of Sexual Harassment Policy (POSH) in accordance with the statutory requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy is applicable to all employees including the Company's contractual employees. The Company is committed to providing a workplace that is free from discrimination, harassment and victimisation, regardless of gender, race, creed, religion, place of origin, sexual orientation of a person employed or engaged with the Company. The Internal Committee ('IC') has been constituted to consider and redress all complaints of sexual harassment at workplace. Employee sensitisation programmes on POSH were conducted during the year. In FY19, 5 cases were reported under POSH and all have been resolved.

SIGNIFICANT AND MATERIAL ORDERS BY THE REGULATORS OR COURTS OR TRIBUNALS

During FY19, there have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

STATUTORY DISCLOSURES

None of the Directors of the Company are disqualified as per provisions of Section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosures, as required under various provisions of the Act and SEBI LODR.

SECRETARIAL STANDARD DISCLOSURE

The Company has complied with the provisions of applicable secretarial standard, issued by The Institute of Company Secretaries of India (ICSI).

GREEN INITIATIVE

We request all the shareholders to support the 'Green Initiative' of the Ministry of Corporate Affairs and Syngene's continuance towards greener environment by enabling service of Annual Report, AGM Notice and other documents electronically to your email address registered with your Depository Participant/ Registrar and Share Transfer Agent.

We also request all the investors whose email id is not registered to take necessary steps to register their email id with the Depository Participant/ Registrar and Share Transfer Agent.

ACKNOWLEDGMENTS

We place on record our gratitude to our employees at all levels who have contributed to the growth and sustained success of the Company through their dedication, hard work, cooperation and support. We would like to thank all our clients, vendors, bankers, investors, media and other business associates for their continued support and encouragement during the year.

We also thank the Government of India; the Government of Karnataka; the Ministry of Information Technology and Biotechnology; the Ministry of Commerce and Industry; the Ministry of Finance and Corporate affairs; the Department of Scientific and Industrial Research; Central Board of Indirect Taxes and Customs; the Reserve Bank of India; the Central Board of Direct Tax; SEZs (Special Economic Zones), BIRAC (Biotechnology Industry Research Assistance Council) and all other government agencies for their support during FY19 and look forward to their continued support in future.

For and on behalf of the Board

Place: Bengaluru
Date: April 24, 2019

Kiran Mazumdar Shaw
Managing Director
DIN:00347229

ANNEXURE-1
Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Rs. In Mn)

Sl. No.	Particulars	
1.	Name of the subsidiary	Syngene USA Inc.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency	USD
4.	Exchange rate on March 31, 2019	69.33
5.	Share capital	USD 50,000
6.	Reserves & surplus	9.0
7.	Total assets	16.2
8.	Total Liabilities	3.7
9.	Investments	-
10.	Turnover	99.9
11.	Profit before taxation	9.1
12.	Provision for taxation	2.7
13.	Profit after taxation	6.3
14.	Proposed Dividend	-
15.	% of shareholding	100
16.	Country	USA

Names of subsidiaries which are yet to commence operations: **None**

Names of subsidiaries which have been liquidated or sold during the year: **None**

ANNEXURE 2
DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

Syngene, being a listed Company, is obligated to comply with the requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ('Listing Regulations') and any amendment thereof.

This Dividend Distribution Policy (''the Policy") is being made and adopted by the Board of Directors of the Company in compliance with the regulation 43A of Listing Regulations & applicable provisions of Companies Act, 2013.

"Dividend" here means the distribution of a portion of the Company's earnings, decided by the Board of Directors of the Company to its Equity Shareholders and also includes Interim Dividend.

OBJECTIVE

The Company has an objective of appropriately rewarding shareholders through dividends and long term capital appreciation. As such, the Company would seek to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes.

The Board of Directors will refer this policy while declaring/ recommending dividend on behalf of the Company. Through this, the Company would endeavour to maintain a consistent approach to dividend pay-out plans.

GUIDELINES

The Board, pursuant to provisions of section 123 of the Companies Act, 2013 and rules made thereunder, may declare interim dividend or recommend final dividend, payable to the existing shareholders of the Company subject to shareholders' approval. The Board may consider the free cash flow position, profit earned during that year, capex requirements, applicable taxes, overall market situation and other things as per company's state of profitability.

The Board as may deem fit, declare the interim dividend one or more times in a financial year in line with this policy. This would be in order to supplement the annual dividend or in exceptional situations.

Whereas, the final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders in an Annual General Meeting.

OTHER PROCEDURES

1. After satisfying the financial position of the Company, the Board shall declare interim dividend or recommend final dividend at its meetings.

2. The Company shall notify in advance to the stock exchange(s) where the securities of the Company are listed and also after the meeting of its Board of Directors at which the declaration of dividend is to be considered.

3. On declaration of the dividend, the Company shall notify stock exchange(s) for the record date or book closure date as the case may be and determine the shareholders eligible for the dividend.

4. The payment of declared dividend will be processed with the help of Registrar & Share Transfer Agents and the banks.

5. The final dividend needs the approval of shareholders at the Annual General Meeting.

6. In case of unpaid or unclaimed dividend, the Company shall prepare the statement of unclaimed dividend and the same shall be uploaded on Company's website at: www.syngeneintl.com as required under law.

7. According to applicable laws, the unpaid or unclaimed dividend amount shall be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government after the expiry of seven years from the date of transfer to "Unpaid Dividend Account" of the Company.

APPROACH

As the Company is in a growth and investment phase, the Board may consider the investment requirements, long term growth strategies, cash availability, debt commitments and other internal and external factors while determining whether or not to declare dividend or in determining the rate/amount of dividend to be declared for the shareholders.

FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND

Subject to the provisions of the Companies Act, dividend shall be declared or paid only out of:

(i) Profit of current financial year;

a) After providing for depreciation in accordance with law;

b) After transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

(ii) The profits for any previous financial year(s):

a) After providing for depreciation in accordance with law;

b) Out of remaining undistributed amount; or

(iii) Out of (i) & (ii) both

In computing the above, the Board may, at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of change in laws or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non-cash charges pertaining to amortization or ESOP or resulting from change in accounting policies or accounting standards.

The Board may, at its discretion, declare a special dividend under certain circumstances such as extraordinary profits from sale of investments, changes in financial structure, such as debt ratio or any other situation.

POLICY AS TO HOW THE RETAINED EARNINGS SHALL BE UTILIZED

The profits earned by the Company can either be retained in business and used for expansion of the business, capital expenditure, working capital, acquisitions, diversifications, buy back of shares, general corporate purposes, including contingencies, etc. or it can be distributed to the shareholders as dividend.

INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND

The Dividend pay-out decision of the Company, whether interim or final dividend shall be based upon external and internal factors as mentioned below-

EXTERNAL FACTORS:

- State of Economy;
- Global Market conditions;
- Business Cycle;
- Industry outlook;
- Capital Markets;
- Government policies;
- Change in laws;
- Statutory Restrictions;
- Tax laws; and
- Any other factors as deemed fit by the Board.

INTERNAL FACTORS:

- Profits earned during the year;
- Availability of Cash flow;
- Availability of undistributed profits;
- Earnings stability;
- Present & future capital requirements of the businesses;
- Brand/ Business Acquisitions;
- Expansion or modernization of existing businesses;
- Investments in subsidiaries/associates of the Company;
- Investments into external businesses;
- Debt obligations;
- Future cash flows; and
- Any other factors as deemed fit by the Board.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Equity Shareholders of the Company may expect dividend only if the Company is having surplus profits after providing for all expenses, depreciation and other necessary deductions and after complying with all other statutory provisions of the Companies Act, 2013 and other applicable laws. The internal and external factors specified above shall be a crucial factor for taking a dividend declaration decision and determining the dividend distribution amount.

The equity shareholders of the Company may not expect dividend, if the Company does not have surplus funds after providing for all expenses, depreciation, or other necessary deductions and after complying all other statutory provisions of the Companies Act, 2013 and other applicable laws. Also, the equity shareholders of the Company may not expect dividend, if the internal and external factors specified above warrant full retention of the surplus profit.

CLASSES OF SHARES

The Company currently has only one class of shares i.e. equity shares.

DISCLOSURE

This Policy shall be uploaded on the Company's website for public information and the web link of the same shall be provided in the Annual Report of the Company.

AMENDMENTS AND UPDATIONS

The Key management personnel's (KMPs) or the person authorised by the Board may review this Policy from time to time. Any material changes to this Policy will need prior approval of the Board. In case of any inconsistency between the terms of this Policy, Listing Regulations & Companies Act, the provisions of the Listing Regulations & Companies Act shall prevail.

ANNEXURE-3

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2019)

Power and Fuel Consumption Details	FY19	FY18
1. Electricity		
a) Purchased		
Million Unit	51	48
Total amount (Rs. mn)	415	368
Rate/Unit (Rs.)	8.1	8.2
b) Captive generation		
HSD Quantity, KL	608	259
Million Units	2.2	0.9
Units / Litre	3.6	3.5
Cost/Lit (Rs.)	63.5	58.3
Generation cost, Rate / Unit (Rs.)	17.6	16.8
2. Steam		
a) Furnace Oil		
HSD Quantity, KL	23	67
Total amount (Rs. mn)	1.64	4.13
Average rate per litre (Rs.)	71	62

Technology Absorption, Adoption and Innovation

No Technology was imported by the Company during the year.

Energy Conservation details:

Sl. No.	Energy conservation measures	Investment (Rs.) Million	Energy saved per Annum	
			Power & Steam	(Rs.) Million
1	Heat recovery from water chiller to reuse the waste heat for hot water applications	13	Steam: 1200 Tons	3.3
2	Replacing existing Mercury vapour Lamps & CFL with low rating LED Lamps in facilities	2.6	Units: 198000	1.62
3	• Replacement of existing Motors for Cooling towers with Energy Efficient motors. • Introduced new technology Energy Efficient Chiller for Animal facility	6.2	Units: 120000	1.0

Foreign exchange earnings and outgo for the year:	FY 19	FY18
Foreign Exchange Earnings	16,413	12,828
Foreign Exchange Outgo (including Capital Expenditure)	6,188	4,071

* For details please refer information given in the notes to the financial statements of the Company.

For and on behalf of the Board
Kiran Mazumdar Shaw
Managing Director
DIN: 00347229

Date: April 24, 2019
Place: Bengaluru

ANNEXURE - 4

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

(1) Ratio of the remuneration of each Director/Key Managerial Personnel (KMP) to the median remuneration of all the employees of the Company for the Financial Year 2018-19:

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/ KMP for FY 2018-19 (Rs. In million)*	% increase in remuneration in the Financial Year 2018-19	Ratio of the remuneration of each Director/KMP to the median remuneration of all the employees (1)
Executive Directors				
1.	Kiran Mazumdar Shaw	-	-	-
2.	Jonathan Hunt, CEO	89.52	(4.58)	142.10
Non-Executive Directors				
3.	John Shaw	0.44	100.00	0.70
4.	Prof. Catherine Rosenberg	1.18	293.33	1.87
Independent Directors				
5.	Russell Walls	3.23	8.38	5.13
6.	Dr. Bala S Manian	2.78	(10.62)	4.44
7.	Paul Blackburn	3.58	10.49	5.68
8.	Suresh Talwar	2.80	11.11	4.41
9.	Dr. Vijay Kuchroo	3.37	42.19	5.35
10.	Vinita Bali	1.79	12.58	2.84
Key Managerial Personnel				
11.	Chinappa MB, CFO	28.53	(4.45)	45.29
12.	Mayank Verma, CS	2.67	(2.55)	4.24

**The remuneration paid to directors includes sitting fees and is based on the position they occupied in the various committees and meetings attended by them during the FY19.*

The details above is as on accrual basis.

Notes:

(1) The ratio of remuneration to median remuneration is based on remuneration paid during the period April 1, 2018 to March 31, 2019.

Median remuneration of all the employees of the Company for the Financial Year 2018-19	Rs. 6,32,516 p.a
The percentage increase in the median remuneration of employees in the Financial Year	4.58%
The number of permanent employees on the rolls of Company as on March 31, 2019	4,619

(2) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentile increase in salary of the Company's employees was 10% against which the increase in managerial remuneration was negative 2%. Decrease in percentile in managerial remuneration is due to mix of fixed and variable pay reflecting short and long-term performance objective.

(3) The key parameters for any variable component of remuneration availed by the directors:

Kiran Mazumdar Shaw, Managing Director does not draw any remuneration from the Company. Jonathan Hunt, CEO and Whole-Time Director is remunerated both in terms of fixed and variable pay components reflecting short and long -term performance objectives. Variable component is determined based on Company's performance for the year. Remuneration to Non-Executive Directors involve sitting fees for attending meetings of the Board/Committees and commission based on the attendance and contribution towards governance practices and discharging fiduciary duties. The payment is just not restricted to corporate governance or outlook of the Company but they also bring with them significant professional expertise and rich experience across the wide spectrum of functions.

(4) Affirmation

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

On behalf of the Board of Directors

Date: April 24, 2019
Place: Bengaluru

Kiran Mazumdar Shaw
Managing Director
DIN: 00347229

ANNEXURE 5
SYNGENE INTERNATIONAL LIMITED

Disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014

SEBI, vide its notification dated October 28, 2014, had issued the Securities and Exchange Board of India (Share-based Employee Benefits) Regulations, 2014 ('SEBI Regulations') which replaced the SEBI ESOP Guidelines, 1999.

Syngene ESOP Plan:

The Board of Directors has approved the Syngene Employee Stock Option Plan – 2011 (the ESOP Plan-2011) and created the Syngene Employee Welfare Trust ('Trust') for the benefit of the employees and Directors of the Company. The ESOP Plan-2011 was approved by the shareholders at an Extra Ordinary General Meeting held on December 14, 2011. The trust subscribed 6,680,000 equity shares (Face Value of Rs 10 per share) of the Company by using the proceeds from an interest free loan of Rs 150 million availed from the Company, adjusted for the consolidation of shares and bonus issue. Subsequent to Syngene's listing, the ESOP Plan-2011 was ratified by the shareholders via postal ballot on December 5, 2015. The ESOP Plan 2011 is the only prevailing plan and used by the Board for granting options through trust to eligible employees of the Company. As at March 31, 2019, the Trust holds 2,038,001 (March 31, 2018 - 3,065,964) equity shares of face value: Rs 10/- each. During the year ended March 31, 2019, the Trust has transferred 1,027,963(March 31, 2018– 1,447,561) equity shares to the employees who has exercised their stock options.

Grant

Pursuant to the Scheme, the Company has granted options to eligible employees of the Company under ESOP Plan - 2011. Each option entitles for one equity share. The options under each tranche will vest in the ratio of 25%, 35% and 40% at the end of second, third and fourth year from the date of each grant respectively. The exercise period under each tranche is three years from the date of each vesting. The vesting conditions include service terms and performance grades of the employees. The options are exercisable at an exercise price of Rs 22.50 per share (Face Value of Rs 10 per share).

The Disclosures pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 are detailed under:

Sl. No.	Particulars	Status of compliance
1	The Board of Directors in their report shall disclose any material change in the scheme(s) and whether the scheme(s) is / are in compliance with the regulations.	There was no material changes in the scheme and scheme is in compliance with the regulations.
A	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.	Yes - Disclosed in Notes to Accounts – Refer note 33 to Standalone Financial Statements for the year ended March 31, 2019
B	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard on Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time	Yes - Disclosed in Notes to Accounts – Refer note 36 to Standalone Financial Statements for the year ended March 31, 2019

C Details related to ESOS

A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including	As detailed above
Syngene Employee Stock Option Plan - 2011	
(a) Date of shareholders' approval	December 14, 2011. Ratification post listing on December 5, 2015 via Postal ballot.
(b) Total number of options approved under ESOS	6,680,000 equity shares (adjusted for consolidation of shares and Bonus issue)
(c) Vesting requirements	The options under each tranche will vest in the ratio of 25%, 35% and 40% at end of second, third and fourth year from the date of each grant respectively.
(d) Exercise price or pricing formula	Rs 22.50
(e) Maximum term of options granted	Vesting period – as per (c) above Exercise period – 3 years from date of each vesting
(f) Source of shares (primary, secondary or combination)	Primary shares
(g) Variation in terms of options	None

(ii)	Method used to account for ESOP - Intrinsic or fair value.	Fair Value
(iii)	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	NA

(iv) **Option movement during the year:**

Syngene Employee Stock Option Plan – 2011	**2013#**	**2014#**	**2015**	**2016**	**2017**	**2018**
Number of options outstanding at the beginning of the period	10,66,298	81,617	8,15,507	1,53,000	1,18,800	-
Number of options granted during the year	-	-	-	-	-	1,91,668
Number of options forfeited / lapsed during the year	-	-	22,650	7,175	18,700	3,614
Number of options vested during the year	-	71,536	1,81,607	38,250	-	-
Number of options exercised during the year	8,62,053	63,794	73,541	28,575	-	-
Number of shares arising as a result of exercise of options	8,62,053	63,794	73,541	28,575	-	-
Money realized by exercise of options (INR), if scheme is implemented directly by the company	-	-	-	-	-	-
Loan repaid by the Trust during the year from exercise price received (Rs. in Million)						46
Number of options outstanding at the end of the year	2,04,245	17,823	7,19,316	1,17,250	1,00,100	1,88,054
Number of options exercisable at the end of the year	2,04,245	17,823	1,08,066	9,675	-	-

#Pre-IPO Grants

v	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Yes - Disclosed in Notes to Accounts – Refer note 33 to Standalone Financial Statements for the year ended March 31, 2019.
vi	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -	
	(a) senior managerial personnel;	Mr. Kenneth Barr – Senior Vice President 85,500 options
	(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	Nil
	(c) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil
vii	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:	Yes - Disclosed in Notes to Accounts – Refer note 33 to Standalone Financial Statements for the year ended March 31, 2019
	the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;	
	(b) the method used and the assumptions made to incorporate the effects of expected early exercise;	
	(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	
	(d) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	

D. Details related to ESPS - Not Applicable

E. Details related to SAR - Not Applicable

F. Details related to GEBS / RBS - Not Applicable

G. Details related to Trust

(i) General information on schemes

Sl. No.	Particulars	
1	Name of the Trust	Syngene International Limited Employees Welfare Trust
2	Details of the Trustee(s)	Mr. Murali Krishnan KN Mr. Sebi Chacko
3	Amount of loan disbursed by company / any company in the group, during the year	Nil
4	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	Rs. 85,000
5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	Nil
6	Any other contribution made to the Trust during the year	Nil

(ii) Brief details of transactions in shares by the Trust

(a) Number of shares held at the beginning of the year i.e. April 1, 2018 - 3,065,964.

(b) Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share - Nil

(c) Number of shares transferred to the employees / sold along with the purpose thereof - 1,027,963.

(d) Number of shares held at the end of the year i.e. March 31, 2019 – 2,038,001 (a +b-c)

(iii) In case of secondary acquisition of shares by the Trust – NIL

Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	
Acquired during the year	
Sold during the year	NA
Transferred to the employees during the year	
Held at the end of the year	

ANNEXURE 6

Independent Auditor's Certificate on Corporate Governance

To

The Members of Syngene International Limited

The Certificate is issued in accordance with the terms of our engagement letter dated 15 February 2019 along with related addendum dated 15 February 2019 with the Company.

We have examined the compliance of conditions of Corporate Governance by Syngene International Limited ("the Company"), for the year ended 31 March 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time, pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for compliance with the conditions of SEBI Listing Regulations

The Company's Management is responsible for compliance of conditions of Corporate Governance including the preparation and maintenance of all relevant supporting records and documents as stipulated under the Listing Regulations. This responsibility includes the design, implementation and maintenance of corporate governance process relevant to the compliance of the conditions. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above mentioned Listing Regulations.

Auditor's Responsibility

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

Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2019.

We conducted our examination of the corporate governance compliance by the Company as per the Guidance Note on Reports or Certificates for Special purposes (Revised 2016), Guidance Note on Certification of Corporate Governance both issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on Use

This Certificate has been solely issued for the purpose of complying with the aforesaid Listing Regulations and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W - 100022

S Sethuraman
Partner
Membership Number: 203491
UDIN Number: 19203491AAAAAF1326

Place: Chennai
Date: April 24, 2019

ANNEXURE 7

Policy on Director's Appointment and Remuneration

The policy on appointment and remuneration of directors, key management personnel and other persons provides an underlying basis and guidance for human resource management, thereby aligning plans for strategic growth of the Company. The policy is pursuant to Section 178(4) of the Companies Act, 2013.

A brief summary of the policy in relation to the objective, appointment criteria, remuneration and general matters as administered by the Nomination and Remuneration Committee are reproduced herewith –

BACKGROUND

SECTION I

The Key Objectives of the Committee / Policy would be:

- To guide the Board in relation to appointment, retention and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed, variable and stock option component.
- To devise a policy on Board diversity.
- Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws.
- Analysing, monitoring and reviewing various human resource and compensation matters.

COMPOSITION AND MEETINGS

The Board has constituted a Nomination and Remuneration Committee in line with the requirements of the Companies Act, 2013 which oversees the functions related to appointment and remuneration of Directors, Key Managerial personnel and senior management personnel.

The terms of composition and requirements as to the meeting of the Committee are as below-

- The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- Minimum two (2) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

DEFINITION

'Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

'Board' means Board of Directors of the Company.

'Committee' means the Nomination and Remuneration Committee

'Directors' mean Directors of the Company.

'Key Managerial Personnel' (KMP) means Chief Executive Officer and Managing Director, Whole-time Director, Chief Financial Officer, Company Secretary and such other officer as may be prescribed under the Act.

'Senior Management' means Senior Leadership personnel of the company excluding the Board of Directors and shall specifically include Company Secretary and Chief Financial Officer.

SECTION II

This section covers the duties of the Committee in relation to various matters and recommendations to be made by the Committee to the Board.

ROLE AND RESPONSIBILITY OF COMMITTEE

Matters to be dealt with, perused and recommended to the Board by the Committee shall include –

- Formulating the criteria for determining qualifications, positive attributes and independence of a director.
- Identifying persons who are qualified to become Director and persons who may be appointed in Key Managerial positions in accordance with the criteria laid down in this policy.
- Recommending to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

Specifically, the responsibilities include

A. NOMINATION MATTERS

- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Identifying and recommending Directors who are to be put forward for retirement by rotation;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance, Industry benchmarks and compliance;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- Recommend necessary changes to the Board in line with Board Diversity Policy; and
- Considering any other matters, as may be requested by the Board.

B. REMUNERATION MATTERS

- Considering and determining the Remuneration Policy, based on level, performance and composition of remuneration is reasonable and sufficient to attract, retain and motivate members of the Board.
- To approve the remuneration of key managerial personnel, senior management and other employees of the Company by maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company, and its growth strategy.
- To consider any other matters as may be requested by the Board and/or are statutorily prescribed under any law to be attended to by such committee.

SECTION III

This section covers the Policy for appointment, term and retirement of Directors and KMP by the Committee.

Appointment criteria and qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- The Company shall not appoint any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term / Tenure

- Managing Director/Whole-time Director: The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding such term as may be specified under the Act. No re-appointment shall be made earlier than one year before the expiry of term, and which shall be done with the approval of the shareholders of the Company.
- Independent Director: - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for re-appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

Evaluation

The Committee shall carry out evaluation of performance of every Director and shall review the performance of KMP and Senior Management Personnel at regular intervals and at least on an annual basis.

Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

Retirement

The Director and KMP shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director or KMP in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

SECTION IV

This Section of the Policy covers provisions relating to the Remuneration for the Whole-time Director, KMP, Senior Management Personnel and other employees.

General

- The relationship of remuneration with the performance is clear and meets performance benchmarks.
- The remuneration to the Whole-time Director and KMP will be determined by the Committee and recommended to the Board for approval. Wherever required, the remuneration / compensation / commission etc. shall be subject to approval of the shareholders of the Company and Central Government.
- The remuneration and commission including increments recommended to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act. These would be subject to approval of the shareholders of the Company.
- The remuneration including increments payable to KMPs, senior management and any other employees shall involve balance between fixed and variable pay and as per the prevailing policy of the Company.

Remuneration to Whole-time / Executive / Managing Director, KMP and others

a) Fixed pay: The Whole-time Director / Managing Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, then with the previous approval of the Central Government.

c) Long-term rewards: These long-term rewards are linked to contribution to the performance of the Company based on relative position of the personnel in the organisation. These rewards could be in the form / nature of stock options and are based on level of employees and their criticality.

d) Provisions for excess remuneration: If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission: The remuneration / commission shall be fixed as per the limits mentioned in the Act, subject to approval from the shareholders as applicable.

b) Sitting Fees: The Non- Executive / Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed such amount as may be prescribed by law from time to time.

c) Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

The remuneration structure for Non-Executive Directors per meeting of the Board / Committee effective April 1, 2019 is as follows –

Particulars	Currency	Amount
Board sitting fees	INR	100,000
Board remuneration	US$	5,000
Travel allowance for overseas directors (Non America)	US$	3,000
Travel allowance for overseas directors (America)	US$	4,000
Chairperson of Audit Committee	US$	4,000
Chairperson of other Committees	US$	2,000
Members of Audit Committee	US$	2,000
Members of other Committees	US$	1,000

Remuneration to KMPs, senior management and any other employees

The remuneration including increments, payable to KMPs, senior management and any other employees shall be linked with individual's overall performances and as decided by the HR within the overall performance framework approved in consultation with MD/CEO. The remuneration should involve balance between fixed and variable pay as per the prevailing policy of the Company.

AMENDMENTS AND UPDATIONS

The Nomination and Remuneration Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate, which shall be in accordance with the provisions of the Companies Act, 2013. In case of any modifications, amendments or inconsistencies with the Act, the provisions of the Act and the rules made thereunder would prevail over the Policy.

For and on behalf of the Board

Bengaluru
April 24, 2019

Kiran Mazumdar Shaw
Managing Director

ANNEXURE 8
Form No. MR-3
SECRETARIAL AUDIT REPORT

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For The Financial Year Ended March 31, 2019

To,
The Members
Syngene International Limited
Bengaluru

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Syngene International Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2019 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings. **(The provisions of Overseas Direct Investment were not applicable to the Company during the period under review)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations), up to September 10, 2018 and SEBI ICDR Regulations, 2018 w.e.f September 11, 2018; **(Not Applicable to the Company during the Audit Period)**;

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

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period);**

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period);**

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (SEBI Buyback of Securities Regulations) up to September 10, 2018 and SEBI Buyback of Securities Regulations, 2018 w.e.f September 11, 2018 **(Not Applicable to the Company during the Audit Period); and**

i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Other Laws Applicable Specifically to the Company namely:

a. Drugs and Cosmetics Act 1940

b. Bio Medical Waste (Management & Handling) Rules, 1998

c. ICH Guidelines (this is the base on which US FDA/ EU Guidelines etc. are created on).

d. UCPMP (Currently voluntary – however proposed to be made mandatory).

e. National Biodiversity Act 2002

f. Drugs & Magical Remedies (Objectionable Advertisements) Rules, 1955

g. Narcotic Drugs and Psychotropic substance Act

h. Drugs (Control) Act, 1950

i. Ethical Guidelines for Biomedical Research on Human Participants, 2006

j. The Poisons Act, 1919

k. Prevention of Cruelty to Animals Act, 1960 and the Breeding of and Experiments on Animals (Control and Supervision) Rules, 1998

l. Atomic Energy Act, 1962 and Atomic Energy (Radiation Protection) Rules, 2004

m. Radiation Protection Rules, 1971

n. Radiation Surveillance Procedures for Medical Application of Radiation,1989

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

a. Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

b. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited

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

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous, and no dissenting views have been recorded.

We further report that based on the review of the compliance reports / certificates of the Company Secretary (CS) of the Company which were taken on record by the Board of Directors, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there was no event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.,

For **V. SREEDHARAN & ASSOCIATES**
(Pradeep B. Kulkarni)
Partner
FCS: 7260; CP No. 7835

Place: Bengaluru
Date: April 24, 2019

ANNEXURE 9

Secretarial compliance report of Syngene International Limited for the year ended March 31, 2019

We have examined:

(a) all the documents and records made available to us and explanation provided by Syngene International Limited ("the listed entity");

(b) the filings/ submissions made by the listed entity to the stock exchanges;

(c) website of the listed entity;

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification;

for the year ended March 31, 2019 ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

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

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

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations), up to September 10, 2018 and SEBI ICDR Regulations, 2018 w.e.f September 11, 2018

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (SEBI Buyback of Securities Regulations) up to September 10, 2018 w.e.f September 11, 2018; (Not Applicable to the Company during the Audit Period);

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

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit Period);

(g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013 (Not Applicable to the Company during the Audit Period);

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

(i) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

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

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

(c) There was no action taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

(d) The listed entity was not required to take any actions as there was no observations made by the Practicing Company Secretary (Secretarial Auditors) in previous reports.

For **V. SREEDHARAN & ASSOCIATES**
Company Secretaries

(Pradeep B. Kulkarni)
Partner
FCS: 7260; CP No. 7835

Place: Bengaluru
Date: April 24, 2019

ANNEXURE 10

MGT-9

EXTRACT OF ANNUAL RETURN

REGISTRATION & OTHER DETAILS:

1.	CIN	L85110KA1993PLC014937
2.	Registration Date	November 18, 1993
3.	Name of the Company	Syngene International Limited
4.	Category/Sub-category of the Company	Company limited by Shares
5.	Address of the Registered office & contact details	Biocon SEZ, Biocon Park, Plot. No. 2 & 3, Bommasandra Industrial Area, IV Phase, Jigani Link Road, Bommasandra Bangalore – 560099 Contact : Tel +91 80 6775 8781 Email : mayank.verma@syngeneintl.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Fintech Private Limited Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Contact : Tel +91 40 6716 1518; Email : einward.ris@karvy.com

Principal Business activities of the Company

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Scientific Research & Development	72	100.00%

Particulars of holding, subsidiary and associate companies

Sl. No	Name and Address of the Companies	CIN/GNL	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section under Companies Act, 2013
1	Biocon Limited	L24234KA1978PLC003417	Holding	72.61%	2(87)
2	Syngene USA Inc.	NA	Subsidiary	100%	2(87)

SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

1. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the end of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	12,698	-	12,698	0.01	19,728	-	19728	0.01	0.00
b) Central Govt	-	-	-	-	-	-	-	-	
c) State Govt(s)	-	-	-	-	-	-	-	-	
d) Bodies Corp.	147,084,516	-	147,084,516	73.54	140,487,386	-	140,487,386	70.24	(3.30)
e) Banks / FI	-	-	-	-					
f) Any other (Trust)	1,789,897	-	1,789,897	0.90	1,594,381	-	1,594,381	0.80	(0.10)
Sub Total (A-1)	**148,887,111**	**-**	**148,887,111**	**74.45**	**142,101,495**	**-**	**142,101,495**	**71.05**	**(3.40)**
(2) Foreign									
a) NRI Individual	3,500	-	3,500	0.00	3,500	-	3,500	0.00	0.00
b) Other Individuals	-	-	-	-	-	-	-	-	
d) Bodies Corp.	-	-	-	-	-	-	-	-	
e) Banks / FI	-	-	-	-	-	-	-	-	
f) Any other	-	-	-	-	-	-	-	-	
Sub Total (A-2)	**3,500**	**-**	**3,500**	**0.00**	**3,500**	**-**	**3,500**	**0.00**	**0.00**
Total shareholding of Promoter (A-1 + A-2)	**148,890,611**	**-**	**148,890,611**	**74.45**	**142,104,995**	**-**	**142,101,995**	**71.05**	**(3.40)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	4,087,732	-	4,087,732	2.04	9,578,533	-	9,578,533	4.80	2.76
b) Banks / FI	7,669	-	7,669	0.00	17,619	-	17,619	0.01	0.01
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	
e) Alternate Investment Fund	809,200	-	809,200	0.40	1,568,112	-	1,568,112	0.78	0.38
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs/Foreign Portfolio Investor	31,180,170	-	31,180,170	15.60	33,029,466	-	33,029,466	16.51	0.91
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	**36,084,771**	**-**	**36,084,771**	**18.04**	**44,193,730**	**-**	**44,193,730**	**22.10**	**4.06**

Category of Shareholders	No. of Shares held at the end of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2,212,412	-	2,212,412	1.11	1,403,743	-`	1,403,743	0.70	(0.41)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	6,910,789	110	6,910,899	3.45	7,396,208	110	7,396,318	3.69	0.24
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	2,235,787	-	2,235,787	1.12	2,199,309	-	2,199,309	1.10	(0.02)
c) NBFC's registered with RBI	227	-	227	0.00	680	-	680	0.00	0.00
d) Any Others (specify)	-	-	-	-	-	-	-	-	-
Non-Resident Indians	356,046	-	356,046	0.18	443,391	-	443,391	0.22	0.04
Qualified Foreign Investors	-	-	-	-	-	-	--	-	-
Clearing Members	193,223	-	193,223	0.10	159,023	-	159,023	0.08	(0.02)
Trusts	60	-	60	0.00	10,770	-	10,770	0.01	0.01
Foreign National	50,000	-	50,000	0.02	50,040	-	50,040	0.03	0.01
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):	**11,958,544**	**110**	**11,958,654**	**5.98**	**11,663,164**	**110**	**11,663,274**	**5.83**	**(0.15)**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**48,043,315**	**110**	**48,043,425**	**24.02**	**55,856,894**	**110**	**55,857,004**	**27.93**	**3.91**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-					
D. Non-Promoter non Public	**3,065,964**	**-**	**3,065,964**	**1.53**	**2,038,001**	**-**	**2038001**	**1.02**	**(0.51)**
Grand Total (A+B+C+D)	**199,999,890**	**110**	**200,000,000**	**100.00**	**199,999,890**	**110**	**200,000,000**	**100.00**	**0**

2. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Biocon Limited	145,217,843	72.61	-	140,487,386	70.24	-	(2.37)
2	Biocon Limited Employee Welfare Trust	1,789,897	0.90	-	1,594,381	0.80	-	(0.10)
3	Biocon Research Limited	1,866,673	0.93	-	-	-	-	(0.93)
4	Kiran Mazumdar Shaw	7,638	0.01	-	7,638	0.01	-	0.00
5	Yamini R Mazumdar	4,000	0.00	-	11,030	0.01	-	0.1
6	Ravi R Mazumdar	1,060	0.00	-	1,060	0.00	-	0.00
7	Dev Mazumdar	3,500	0.00	-	3,500	0.00	-	0.00
	Total	**148,890,611**	**74.45**	**-**	**142,104,995**	**71.05**	**-**	**(3.40)**

3. Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Biocon Limited**				
	At the beginning of the year	145,217,843	72.61	-	-
	Transfer/ sale of shares during the year	(4,730,457)	(2.37)	140,487,386	70.24
	At the end of the year	-	-	140,487,386	70.24
2	**Biocon Research Limited**				
	At the beginning of the year	1,866,673	0.93	-	-
	Transfer/ sale of shares during the year	(1,866,673)	(0.93)	-	-
	At the end of the year	-	-	-	-
3	**Biocon Limited Employee Welfare Trust**				
	At the beginning of the year	1,789,897	0.89	-	-
	Transfer during the year (ESOP)	(195,516)	(0.09)	1,594,381	0.80
	At the end of the year	-	-	1,594,381	0.80
4	**Kiran Mazumdar Shaw**				
	At the beginning of the year	7,638	0.01	-	-
	Transfer/ sale of shares	-	-	-	-
	At the end of the year	-	-	7,638	0.01
5	**Yamini R Mazumdar**				
	At the beginning of the year	4,000	0.00	-	-
	Bought during the year	7,030	0.001	11,030	0.01
	At the end of the year	-	-	11,030	0.01
6	**Ravi R Mazumdar**				
	At the beginning of the year	1060	0.00	-	-
	Bought during the year	-	0.00	-	-
	At the end of the year	-	-	1,060	0.00
7	**Dev Mazumdar**				
	At the beginning of the year	3,500	0.00	-	-
	Bought during the year	-	--	-	-
	At the end of the year	-	-	3,500	0.00

4. **Shareholding Pattern of top ten Shareholders**
(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Theleme Master Fund Limited**				
	At the beginning of the year	9,000,000	4.50	-	-
	Sold during the year	2,526,086	1.27	6,473,914	3.23
	At the end of the year	-	-	6,473,914	3.23
2	**Camas Investments Pte. Ltd.**				
	At the beginning of the year	4,785,000	2.39	-	-
	Bought during the year	-	-	-	-
	At the end of the year	-	-	4,785,000	2.39
3	**Reliance Capital Trustee Co. Ltd**				
	At the beginning of the year	919,394	0.45	-	-
	Bought during the year	2,614,862	1.31	3,534,256	1.76
	At the end of the year	-	-	3,534,256	1.76
4	**UTI-Unit Linked Insurance Plan**				
	At the beginning of the year	19,29,071	0.96	-	-
	Bought during the year	10,10,544	0.50	29,39,615	1.46
	At the end of the year	-	-	29,39,615	1.46
5	**Gaoling Fund, L.P.**				
	At the beginning of the year	1,750,443	0.88	-	-
	Bought during the year	438,011	0.21	2,188,454	1.09
	At the end of the year	-	-	2,188,454	1.09
6	**Aberdeen Global-Asian Smaller Companies Fund**				
	At the beginning of the year	-	-	-	-
	Bought during the year	1,999,000	0.99	1,999,000	0.99
	At the end of the year	-	-	1,999,000	0.99
7	**Kotak Funds - India Midcap Fund**				
	At the beginning of the year	-	-	-	-
	Bought during the year	1,721,854	0.86	1,721,854	0.86
	At the end of the year	-	-	1,721,854	0.86
8	**Mirae Asset Emerging Bluechip Fund**				
	At the beginning of the year	-	-	-	-
	Bought during the year	1,509,964	0.75	1,509,964	0.75
	At the end of the year	-	-	1,509,964	0.75
9	**Steinberg India Emerging Opportunities Fund Limited**				
	At the beginning of the year	869,153	0.43	-	-
	Bought during the year	630,847	0.32	1,500,000	0.75
	At the end of the year	-	-	1,500,000	0.75
10	**Mondrian Emerging Markets Small Cap Equity Fund,L.**				
	At the beginning of the year	10,64,107	0.53	-	-
	Sold during the year	40,000	0.02	1,024,107	0.51
	At the end of the year	-	-	1,024,107	0.51

5. **Shareholding of Directors and Key Managerial Personnel:**

Sl No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Kiran Mazumdar Shaw**				
	At the beginning of the year	7,638	0.01	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	7,638	0.01
2	**John Shaw**				
	At the beginning of the year	0	0	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	0	0
3	**Jonathan Hunt**				
	At the beginning of the year	0	0	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	0	0
4	**Suresh N Talwar**				
	At the beginning of the year	25,000	0.01	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	25,000	0.01
5	**Russell Walls**				
	At the beginning of the year	25,000	0.01	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	25,000	0.01
6	**Bala S Manian**				
	At the beginning of the year	25,000	0.01	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	25,000	0.01
7	**Paul F Blackburn**				
	At the beginning of the year	25,000	0.01	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	25,000	0.01
8	**Catherine Rosenberg**				
	At the beginning of the year	1060	0.00	-	-
	Bought/Sold during the year	-	0.00	-	0.00
	At the end of the year	-	-	1,060	0.00
9	**Vijay Kuchroo**				
	At the beginning of the year	25,000	0.01	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	25,000	0.01

10	**Vinita Bali**				
	At the beginning of the year	0	0	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	0	0
11	**Chinappa M B**				
	At the beginning of the year	0	0.00	-	-
	ESOP acquisition	16,325	0.008%	16,325	0.008%
	Sold during the year	16,325	0.008%	16,325	0.008%
	At the end of the year	-	-	-	-
12	**Mayank Verma**				
	At the beginning of the year	905	0.00	-	-
	ESOP acquisition	5,414	0.00	-	-
	Bought/sold during the year	-	0.00	-	-
	At the end of the year	-	-	6,319	0.00

INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6,926	948	-	7,874
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**6,926**	**948**	**-**	**7,874**
Change in Indebtedness during the financial year, net				
- Addition	-	1,119	-	1,119
- Reduction	(860)	-	-	(860)
Net Change	**(860)**	**1,119**	**-**	**259**
Indebtedness at the end of the financial year				
i) Principal Amount	6,066	2,067	-	8,133
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	-	-	-	
Total (i+ii+iii)	**6,066**	**2,067**	**-**	**8,133**

Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in INR million)

Sl. No.	Particulars of Remuneration	Kiran Mazumdar Shaw (MD)	Jonathan Hunt (WTD & CEO)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	47.21	47.21
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act	-		
2	Stock Option	-	42.31	42.31
3	Sweat Equity	-		
4	Commission			
	- as % of profit			
	- Others, specify…			
5	Others, (Bonus)	-		
	Total (A)	**-**	**89.52**	**89.52**

B. Remuneration to other directors

(Amount in INR million)

Sl. No.	Particulars of Remuneration	Name of Directors								Total
1	**Independent Directors**	**John Shaw**	**Russell Walls**	**Suresh Talwar**	**Paul Blackburn**	**Bala S Manian**	**Vijay Kuchroo**	**Vinita Bali**	**Catherine Rosenberg**	
	Fee for attending board committee meetings	-	0.40	0.40	0.40	0.30	0.40	0.30	-	2.20
	Commission	-	2.83	2.40	3.18	2.48	2.97	1.49	-	15.35
	Total (1)	**-**	**3.23**	**2.80**	**3.58**	**2.78**	**3.37**	**1.79**	**-**	**17.55**
2	**Other Non-Executive Directors**									
	Fee for attending board committee meetings	0.10	-	-	-	-	-	-	0.40	0.50
	Commission	0.34	-	-	-	-	-	-	0.78	1.12
	Total (2)	**0.44**	**-**	**-**	**-**	**-**	**-**	**-**	**1.18**	**1.62**
	Total B (1 + 2)	**0.44**	**3.23**	**2.80**	**3.58**	**2.78**	**3.37**	**1.79**	**1.18**	**19.17**
	Overall Ceiling as per the Act (A+B)									

C. Remuneration to key managerial personnel other than MD/Manager/Whole-time Director

(Figures in INR million)

Sl. No.	Particulars	CFO	CS	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28.50	2.61	31.11
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	-	0.03
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	0.06	0.06
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	Others, specify…	-	-	-
5	Others, please specify	-	-	-
	Total	**28.53**	**2.67**	**31.20**

PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishment/ compounding of offences for the year ended March 31, 2019.

On behalf of the Board of Directors

Date: April 24, 2019
Place: Bengaluru

Kiran Mazumdar Shaw
Managing Director
DIN: 00347229

ANNEXURE 11
CORPORATE SOCIAL RESPONSIBILITY

[Pursuant to Section 135 of Companies Act, 2013]

Syngene's CSR initiatives are based on the principle of making enduring impact through programs that promote social and economic inclusion. The Company is committed to innovation, affordability and access to healthcare. In line with this commitment and as a socially responsible organization, the Company invested in CSR programs aimed at making a difference to the lives of marginalized communities.

The Company's CSR activities are executed through Biocon Foundation. Biocon Foundation develops and implements healthcare, educational, infrastructure projects, rural development, promotion of art and culture, gender equality and safety of vulnerable sections of society. For more details, visit our CSR Policy available on our website www.syngeneintl.com.

CSR Committee

The CSR Committee of our Board provides oversight of CSR Policy and monitors execution of various activities to meet the set CSR objectives.

The members of the CSR Committee are-

a) Dr. Bala S Manian, Chairperson

b) Mr. Suresh N Talwar

c) Dr. Vijay Kuchroo

d) Ms. Vinita Bali

e) Prof. Catherine Rosenberg

Financial details

The provisions pertaining to corporate social responsibility as prescribed under Section 135 of the Companies Act, 2013 are applicable to the Company. A summary of the financial details as sought by the Companies Act, 2013 are as follows -

Particulars	Amount
Average net profit before tax of the Company for last three financial years*	3,167
Prescribed CSR expenditure (2% of the average net profit as computed above)	63.34
Details of CSR spent during the financial year :	
Total amount to be spent for the financial year	63.34
Total amount spent	63.34
Amount unspent, if any	Nil

The details of the amount spent during the financial year is detailed below:

Rs. in Mn

Sl No	CSR project / program name	Sector	Location of project / program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spend up to the reporting period. - Biocon	Amount spent: direct/ through external agency
(i)	Expenditure on Projects & Programs						
1	Cancer Screening	Promoting Healthcare	Karnataka, Punjab, Delhi, Assam, Kerala	5.65	5.65	5.65	Biocon Foundation
2	Cubbon Park	Restoration of sites of historical Importance	Bengaluru, Karnataka	0.10	0.10	0.10	Biocon Foundation
3	Drinking Water	Water, Sanitation and Hygiene	Bengaluru Rural, Karnataka	3.02	3.02	3.02	Biocon Foundation
4	eLaj Smart Clinic	Promoting Healthcare	Karnataka, Rajasthan, Nagaland	13.15	13.15	13.15	Biocon Foundation
5	Government School Construction	Rural Development	Bengaluru Rural, Karnataka	2.41	2.41	2.41	Biocon Foundation
6	Government, School Programs	Promoting Education	Karnataka	5.98	5.98	5.98	Biocon Foundation
7	Grant in Aid for Government Hospital	Promoting Healthcare	Karnataka, Kerala, Maharastra,	2.09	2.09	2.09	Biocon Foundation
8	Institute of Bioinformatics and Applied Biotechnology	Promoting Education	Bengaluru, Karnataka	0.90	0.90	0.90	Biocon Foundation
9	India Foundation for the Arts	Promotion of Traditional Arts	Karnataka	0.75	0.75	0.75	Biocon Foundation
10	Kylasanahalli link road	Rural Development	Bengaluru Rural, Karnataka	1.83	1.83	1.83	Biocon Foundation
11	Lake Rejuvenation	Environmental Sustainability	Bengaluru Rural, Karnataka	19.38	19.38	19.38	Biocon Foundation
12	Malnutrition	Promoting Healthcare	Karnataka , Telangana	1.71	1.71	1.71	Biocon Foundation
13	Sanitation	Water, Sanitation and Hygiene	Karnataka	1.06	1.06	1.06	Biocon Foundation
14	VTU NASD	Enhancing Vocational skills	Uttara Kannada, Karnataka	0.88	0.88	0.88	Biocon Foundation
15	Women's Safety	Empowering Women	Bengaluru Rural, Karnataka	1.35	1.35	1.35	Biocon Foundation
(ii)	Administrative Expenses	Office expenses	Bengaluru, Karnataka	3.08	3.08	3.08	Biocon Foundation
	Total			**63.34**	**63.34**	**63.34**	

Responsibility Statement

We hereby confirm that the implementation of the Policy and monitoring of the CSR projects and activities is in compliance with CSR objectives and CSR Policy of the Company.

For and on behalf of the Board

Bengaluru
April 24, 2019

Kiran Mazumdar Shaw
Managing Director
DIN: 00347229

Bala S Manian
Chairperson, CSR Committee
DIN: 01327667

Corporate Governance Report

GOVERNANCE PHILOSOPHY

Our Corporate Governance Report reveals the philosophy of the Company and its sustained dedication to ethical business practices across the organisation. The Company strongly upholds the values of integrity, transparency, accountability and compliance with the law. This report further defines the processes, controls and limits within which the Company functions.

The detailed report on Corporate Governance for the Financial Year ended March 31, 2019, as per Regulation 34(3), read with Part C of Schedule V of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("SEBI Listing Regulations"), is set out below:

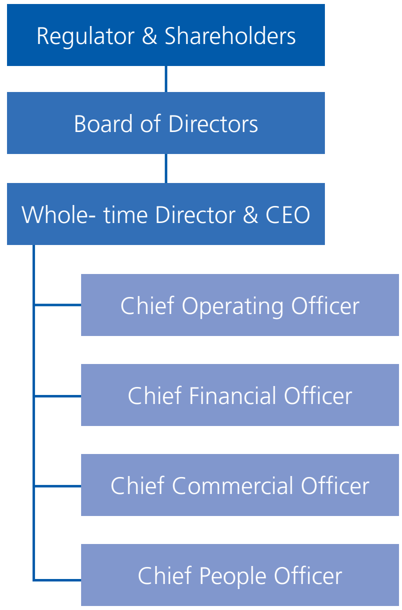
We believe that timely reporting, transparent accounting policies and a strong and Independent Board go a long way in preserving shareholders' trust and maximising long-term corporate value. Our stakeholders view our business operations through the ethical prism and a robust corporate governance framework strengthens their confidence in us.

The corporate governance framework of Syngene is guided by its core values of professionalism, integrity and excellence. The Company is committed to continually evolve and adopt the best corporate governance practices.

GOVERNANCE STRUCTURE

The Board is the apex body constituted by shareholders to oversee the Company's overall functioning. It provides strategic guidance to the management, reviews operations and ensures shareholders' long-term value. Jonathan Hunt, Whole-time Director & CEO, to whom the Company's affairs are entrusted, functions under the guidance of the Board. He is supported by the Executive Committee (EC).

The CEO, together with the EC, provides strategic direction leading to a stronger and ethical organisation. They drive company-wide processes, systems and policies and act as role models for leadership development within the organisation. Additionally, they provide cross-functional and cross-business perspectives on organisational issues.



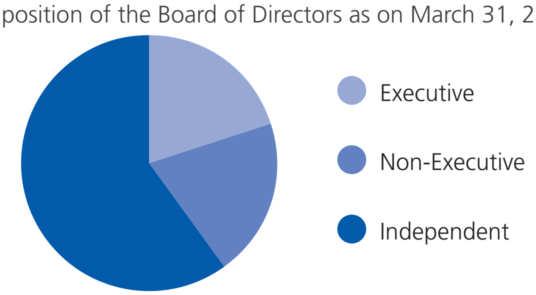
- *Comprises Executive Committee*

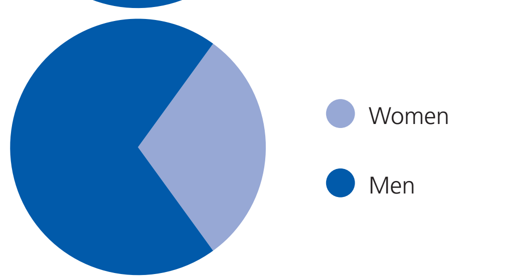
BOARD OF DIRECTORS

Board Composition and Category of Directors

The Company has an appropriate mix of Executive Directors, Non-Executive Directors and Independent Directors to maintain the Board's independence and separate its functioning of governance and management. Currently, the Board comprises of ten members, including three women directors. The detailed profile of our directors is available on the Company's website at www.syngeneintl.com.

Composition of the Board of Directors as on March 31, 2019:





Role of Board of Directors

To ensure effective management, before taking on record the Company's quarterly/annual financial results, the Board is regularly updated on the Company's operations, strategic opportunities, business development activities, the global business environment, financial matters, internal controls and risk management practices.

The matters required to be placed before the Board, inter alia, include:

- Regular business updates, strategic opportunities and diversification plans of the Company, if any
- Updates on Corporate Social Responsibility (CSR) activities
- Related party transactions and significant changes in accounting policies and internal controls
- Mergers or acquisitions or acquiring a controlling or substantial stake in another company
- Recruitment and remuneration of Senior Management Personnel just below the level of Board of Directors including appointment or removal of Chief Financial Officer and Company Secretary
- Annual operating plans, budget including capital budget, major borrowings, investments and any updates thereof
- Quarterly and Annual Consolidated and Standalone results of the Company
- Update on capital structure
- Update on investor relations
- Minutes of meetings of the Board and other Board Level Committees and resolutions passed
- Materially important show cause, demand, prosecution notices and penalty notices, if any
- Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
- Issues that involve possible public or product liability claims of substantial nature, including any judgement or order that may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company, if any
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour, employee and Industrial Relations issues
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material; and
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer and so on.

Board Procedure

The Board and its Committees meet at regular intervals to discuss and decide on the Company business policies and strategies apart from statutory and other routine matters. The Board and Committee meetings are pre-scheduled and a tentative annual calendar of the meetings are circulated to the Directors well in advance to help them plan their schedule. This ensures meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is noted in the subsequent Board Meeting. The Company Secretary drafts the agenda for each meeting, along with explanatory notes, in consultation with the Chairperson and Management and circulates to the Directors as per timelines. In special and exceptional circumstances, additional or supplementary item(s) are permitted to be taken up as 'any other item' with the permission of the Chairperson and consent of a majority of Board members/Committee members.

The Company Secretary records minutes of each Board and Committee meeting. The draft minutes are circulated to Board/Committee members within 15 days from the meeting for their comments. Directors communicate their comments, if any, in writing on the draft minutes within 7 days from the date of circulation. The minutes are entered in the Minutes Book within 30 days from the conclusion of the meeting and signed by the Chairperson at the subsequent meeting. The certified true copy of the duly signed minutes is also circulated to the Board and Committee members within 15 days of signature.

The guidelines for Board and Committee meetings facilitate an effective post-meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board/Committee meetings are communicated promptly to the concerned departments.

Apart from Board members and the Company Secretary, the Board and Committee meetings are also attended by the EC and, wherever required, the heads of various corporate functions also join these meetings.

Meetings of the Board

During the financial year, four meetings of the Board were held i.e. on April 25, 2018; July 25, 2018; October 24, 2018 and January 22, 2019. The gap between two Board meetings did not exceed 120 days.

The information on attendance of Directors at the Board meetings either in person or through audio visual mode during the Financial Year ended March 31, 2019 and at the last Annual General Meeting (AGM) is given below.

Name of the Director	Category	Number of Meetings Held	Number of Meetings Attended	Attendance at AGM held on July 25, 2018
Kiran Mazumdar Shaw	Executive Director	4	4	Yes
Jonathan Hunt	Executive Director & CEO	4	4	Yes
John Shaw	Non-Executive Director	4	3	Yes
Prof. Catherine Rosenberg	Non-Executive Director	4	4	Yes
Russell Walls	Independent Director	4	4	Yes
Suresh Talwar	Independent Director	4	4	Yes
Paul Blackburn	Independent Director	4	4	Yes
Dr. Bala S. Manian	Independent Director	4	3	Yes
Dr. Vijay Kuchroo	Independent Director	4	4	Yes
Vinita Bali	Independent Director	4	3	No

Names of the listed entities wherein Company's directors are holding directorship along with their category and membership/chairperson in various committee(s):

Sl. No.	Name of Director	Name of Company	Designation / Category	Chairmanship/Membership in Committees of other listed entities
1	Kiran Mazumdar Shaw	Syngene International Limited	Managing Director, Promoter	None
		Biocon Limited	Managing Director, Promoter	**Member:** • Nomination and Remuneration Committee
		United Breweries Limited	Non-Executive Independent Director	**Chairperson:** • Risk Management Committee **Member:** • CSR Committee • Borrowing Committee
		Narayana Hrudayalaya Limited	Non-Executive Non-Independent Director	**Member:** • Nomination and Remuneration Committee
		Infosys Limited	Non-Executive Independent Director	**Chairperson:** • Nomination and Remuneration Committee • CSR Committee **Member:** • Risk Management Committee • Finance and Investment Committee

Sl. No.	Name of Director	Name of Company	Designation / Category	Chairmanship/Membership in Committees of other listed entities
2	Jonathan Hunt	Syngene International Limited	Executive Director	None
3	John Shaw	Syngene International Limited	Non-Executive, Non-Independent Director	None
		Biocon Limited	Non-Executive, Non-Independent Director	None
4	Prof. Catherine Rosenberg	Syngene International Limited	Non-Executive, Non-Independent Director	**Member:** • Nomination and Remuneration Committee • CSR Committee • Risk Management Committee
5	Russell Walls	Syngene International Limited	Non-Executive Independent Director	**Member:** • Stakeholders Relationship Committee • Audit Committee • Risk Management Committee
		Biocon Limited	Non-Executive Independent Director	**Chairperson:** • Audit Committee • Risk Management Committee **Member:** • Stakeholders Relationship Committee
6	Suresh N Talwar	Syngene International Limited	Non-Executive Independent Director	**Chairperson:** • Stakeholders Relationship Committee **Member:** • Nomination and Remuneration Committee • Audit Committee • CSR Committee • Risk Management Committee
		Sonata Software Limited	Non-Executive Independent Director	**Chairperson:** • Nomination and Remuneration Committee **Member:** • Audit Committee • Corporate Social Responsibility Committee
		Merck Limited	Non-Executive Independent Director	**Chairperson:** • Audit Committee • CSR Committee • Stakeholders Relationship Committee **Member:** • Nomination and Remuneration Committee
		Elantas Beck India Limited	Non-Executive Independent Director	**Chairperson:** • Nomination and Remuneration Committee **Member:** • Audit Committee
		Samson Maritime Limited	Non-Executive Independent Director	**Member:** • Nomination and Remuneration Committee
7	Paul Blackburn	Syngene International Limited	Non-Executive Independent Director	**Chairperson:** • Audit Committee • Risk Management Committee **Member:** • Stakeholder Relationship Committee

Sl. No.	Name of Director	Name of Company	Designation / Category	Chairmanship/Membership in Committees of other listed entities
8	Bala Manian	Syngene International Limited	Non-Executive Independent Director	**Chairperson:** • Nomination and Remuneration Committee • CSR Committee **Member:** • Risk Management Committee
9	Vijay Kuchroo	Syngene International Limited	Non-Executive Independent Director	**Member:** • Nomination and Remuneration Committee • CSR Committee • Risk Management Committee
		Biocon Limited	Non-Executive Independent Director	**Member:** • CSR Committee • Nomination and Remuneration Committee
10	Vinita Bali	Syngene International Limited	Non-Executive Independent Director	**Member:** • Nomination and Remuneration Committee • CSR Committee • Risk Management Committee
		Crisil Limited	Non-Executive Independent Director	**Chairperson:** • Nomination and Remuneration Committee • CSR Committee • Investment Committee **Member:** • Audit Committee

Composition of the Board and details of Directorship and Committee membership/Chairmanship held in other Companies as on March 31, 2019:

Name of the Director	DIN	Designation	Directorship# Indian Public Companies	Committees	
				Chairmanship	Membership
Executive Director					
Kiran Mazumdar Shaw	00347229	Managing Director	8	2	-
Jonathan Hunt	07774619	Whole-time Director & CEO	1	-	-
Non-Executive Directors					
John Shaw	00347250	Director	4	-	2
Prof. Catherine Rosenberg	06422834	Director	1	-	-
Independent Directors					
Russell Walls	03528496	Director	3	1	3
Suresh Talwar	00001456	Director	5	3	3
Paul Blackburn	06958360	Director	1	1	1
Dr. Bala S. Manian	01327667	Director	1	-	-
Dr. Vijay Kuchroo	07071727	Director	2	-	-
Vinita Bali	00032940	Director	2	-	1

Note:# Directorship in companies includes Syngene International Limited.

As per regulation 26 of SEBI Listing Regulations, 2015, membership/chairmanship of Audit Committee and Stakeholders Relationship Committee in all Indian Public Limited Companies, whether listed or not have been considered and reported. Further, none of the Directors of the Company holds membership of more than 10 Committees nor is any Director the Chairman of more than 5 Committees across all companies where he/she holds Directorships.

Disclosure of relationships between directors inter-se

Kiran Mazumdar Shaw and John Shaw are husband and wife and Prof. Catherine Rosenberg is Kiran Mazumdar Shaw's sister-in-law. Except for these, none of the other Directors are related to each other.

Shareholding of Non-Executive Directors

As on March 31, 2019, the following Non-Executive Directors holds equity shares in the Company.

Name	Shareholding as on March 31, 2019
Paul Blackburn	25,000
Russell Walls	25,000
Suresh Talwar	25,000
Dr. Bala Manian	25,000
Dr. Vijay Kuchroo	25,000
Prof Catherine Rosenberg	1,060

None of the other Non-Executive Directors hold any equity shares or convertible instruments in the Company.

Independent Directors' Meeting

All Independent Directors of the Company meet the definition of "Independent Directors" given by the Companies Act, 2013 and SEBI Listing Regulations, 2015. At the time of appointment, and thereafter at the beginning of each financial year, the Independent Directors submit a self-declaration confirming their independence and compliance with various eligibility criteria, among other disclosures. All such declarations are placed before the Board for information and noting.

The Independent Directors are given a formal letter of appointment containing the terms of appointment, roles, duties and code of conduct, among other items, as required by Regulation 46 of the Listing Regulations. The draft letter of appointment is available on the Company's website at www.syngeneintl.com.

Companies Act, 2013 and Rules thereunder mandate that the Independent Directors of the Company hold at least one meeting in a year, without the presence of Non-Independent Directors and members of Management. The Independent Directors, at their meeting held on January 22, 2019, evaluated the performance of the Chairperson, Non-Independent Directors and the Board as whole.

Independent Directors also reviewed the quality, quantity and timeliness of flow of information between the management and the Board.

Details of Familiarisation Programmes Imparted to Independent Directors

Complying with Regulations 25(7) of SEBI Listing Regulations 2015, familiarisation programmes to empower Independent Directors with the knowledge of Syngene's business and operations were conducted during the financial year. Further, under the 'Director's Education Programme', latest developments affecting the Company and the Contract Research Organisation ("CRO") industry and functions of various business units/verticals were presented to the Directors by the Senior Management team.

Further, under the 'Director Induction Programme', newly appointed directors are appraised on the organisation structure, operational overview, financial overview, board matters and procedures, key risk issues and its mitigation strategy, facility tour to various units of the company, among others. The details of such programmes are available at https://www.syngeneintl.com/investor-relations/corporate-governance.

Confirmation on Independent Directors

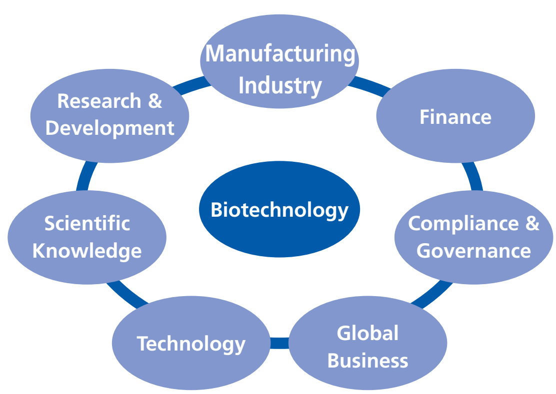
The Board, based on the disclosures received from all Independent Directors, confirms that all Independent Directors fulfil the conditions of Independence as specified in SEBI Listing Regulations, 2015 and are independent of the management of the Company for the year ended March 31, 2019.

Resignation by Independent Directors

None of the Independent Directors had resigned before the expiry of their tenure during the FY 2018-19.

Skill, expertise and competencies of the Board

The Syngene Board comprises of qualified members who bring with them the required skills, pertinent expertise and competencies which allow them to make effective contribution throughout the year, thus being instrumental in the growth and success of the Company. The key skills, expertise and competencies identified by the Board which they take into consideration while nominating any candidate to serve on the Board are summarised below:



Board Evaluation

In compliance with Section 134 of the Companies Act, 2013 and SEBI Listing Regulations, 2015, the Board has carried out an annual evaluation of its own performance as well as the working of its Committees. This is as per the criteria laid down by the Nomination and Remuneration Committee, which includes the following:

- The Board: Composition, expertise, meetings, functions, management and professional development, among others.
- The Committees: Composition, effectiveness, structure, meetings, independence of the committee, contribution to decision making of the Board, among others.
- Individual Directors (including Chairperson, Independent Directors and Non-Independent directors): Leadership, Governance, Commitment, Contribution, Experience, Expertise, Independence, Integrity, Attendance, Responsibility, among others.

A structured questionnaire was used to capture responses online.

A 360-degree feedback-cum-assessment of individual Directors, the Board and its Committees was discussed by Independent Directors and the Board at their meeting held on January 22, 2019 and collective action points for improvement were put in place. The Directors acknowledged the productive functioning of the Board and its Committees. They also acknowledged the efforts and contributions made by the Chairperson, Executive, Non-Executive and Independent Directors towards the Company's performance.

COMMITTEES OF THE BOARD

The Board has constituted various committees to focus on specific areas and to make informed decisions within their authority. Each committee is governed by its charter, which outlines the scope, roles, responsibilities and powers of the committee. All the decisions and recommendations of the committee are placed before the Board for its approval.

AUDIT COMMITTEE

The Board, on October 19, 2011, constituted the Audit and Risk Committee in accordance with Section 177 of the Companies Act, 2013 and SEBI Regulations 2015. During the year, the Board has constituted an independent Risk Management Committee. Therefore, Audit and Risk Committee has been renamed as Audit Committee. Our Audit Committee comprises of three Independent Directors as on March 31, 2019:

The composition of the Committee and the attendance details of the members are given below:

Name	Category	Meeting Held	Meeting Attended
Paul Blackburn ©	ID	4	4
Russell Walls	ID	4	4
Suresh Talwar	ID	4	4

ID: Independent Director
©: Chairperson

Terms of Reference:

The Audit Committee directs the audit function and monitors the quality of Internal and Statutory Audits with an objective of moving towards a regime of unqualified financial statements. The Committee functions according to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015. The roles and responsibilities of the Committee include:

- Overseeing the Company's financial reporting process and the disclosure to ensure that the financial statement is correct, sufficient and credible;
- Recommending appointment, remuneration and terms of appointment of auditors of the Company;
- Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for their approval;
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- Evaluating internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors and the adequacy of internal control systems;

- Reviewing the adequacy and effectiveness of internal audit function, reporting structure coverage and frequency of internal audits;
- Reviewing and approving related party transactions, including any modification;
- Reviewing and approving foreign exchange transactions;
- Scrutinizing inter-corporate loans and investments;
- Conducting valuation of undertakings or assets of the listed entity, wherever it is necessary;
- Approving appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- Reviewing the functioning of the whistle-blower/vigil mechanism; and
- Any other matters as specified by law.
- The Audit Committee shall also mandatorily review the following information:
    - Management Discussion and Analysis of financial condition and results of operations;
    - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
    - Management letters/letters of internal control weaknesses issued by the statutory auditors;
    - Internal audit reports relating to internal control weaknesses;
    - Review of appointment, removal and terms of remuneration of the Chief Internal Auditor; and
    - Statement of deviations, if any.

All the members of the Committee are Independent Directors and possess sound knowledge of accounts, finance, audit and legal matters.

During the financial year, four meetings of the Committee were held i.e. on April 25, 2018; July 25, 2018; October 24, 2018 and January 22, 2019.

The Executive Committee, Statutory Auditors and Internal Auditors attended all meetings of the Audit Committee. The Company Secretary acts as Secretary to the Committee. The Internal Auditor reports functionally to the Audit Committee. The Board accepted all recommendations made by the Audit and Risk Committee during the financial year.

Paul Blackburn, Chairman of the Audit Committee, was present at the AGM of the Company held on July 25, 2018.

RISK MANAGEMENT COMMITTEE

The Board in its meeting held on January 22, 2019, constituted the Risk Management Committee in accordance with Regulation 21 of the SEBI Listing Regulations, 2015.

Our Risk Management Committee comprises of Six Independent Directors and one Non-Executive Director as on March 31, 2019.

The composition of the Committee and the attendance details of the members are given below:

Name	Category	Meeting Held*	Meeting Attended
Paul Blackburn ©	ID	-	-
Russell Walls	ID	-	-
Dr. Bala S. Manian	ID	-	-
Suresh Talwar	ID	-	-
Dr. Vijay Kuchroo	ID	-	-
Vinita Bali	ID	-	-
Prof. Catherine Rosenberg	NED	-	-

ID: Independent Director,
NED: Non-Executive Director
©: Chairperson
**As the Committee was constituted on January 22, 2019, there were no meetings of the Committee held during the FY 19.*

Terms of Reference:

- Identify and review the critical risk exposures of the Company and assess Management's actions to mitigate the exposures in a timely manner;
- Review the Company's risk appetite and tolerance limit;
- Review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;

- Annually review the overall risk management framework with respect to risk assessment and management;

- Review and assess the effectiveness of the company-wide risk assessment processes;

- To perform such functions as may be delegated by the Board and/or are prescribed under Companies Act, 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and any other applicable laws from time to time.

The Company has in place an enterprise-wide risk management framework. This holistic approach provides the assurance that the Company, to the best of its capabilities, identifies assesses and mitigates risks that could materially impact its performance in achieving the stated objectives.

As the Risk Management Committee has been constituted in January 22, 2019, therefore, no meeting of the Committee was held during the financial year.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board, on July 23, 2014, constituted Stakeholders' Relationship Committee in accordance with Section 178 (5) of the Companies Act, 2013 and SEBI Listing Regulations. Our Stakeholders Relationship Committee comprises of three Independent Directors as on March 31, 2019.

The composition of the Committee and the attendance details of the members are given below:

Name	Category	Meeting Held	Meeting Attended
Suresh Talwar ©	ID	4	4
Russell Walls	ID	4	4
Paul Blackburn	ID	4	4

ID: Independent Director
©: Chairperson

Terms of Reference

The Stakeholders Relationship Committee looks into the redressal of grievances of investors or other security holders. The Committee functions according to the provisions of the Companies Act, 2013 and SEBI Listing Regulations. The roles and responsibilities of the Committee include:

- To look into redressal of all grievances pertaining to equity shareholders /any other security holders;

- To deal with all grievances relating to non-receipt of annual report, general meeting notices, non-receipt of declared dividends, non-receipt of interest and any other related grievances of the equity shareholders /any other security holders;

- Review of adherence to the service standards adopted by the Company in respect of various services rendered by the Registrar & Share Transfer Agents;

- Review of various measures and initiatives taken by the Company to ensure timely receipt of dividend /annual reports/statutory notices by the shareholder of the company;

- Carry out any other function contained in the SEBI Listing Regulations, 2015.

During the Financial Year, four meetings of the Committee were held i.e. on April 25, 2018; July 25, 2018; October 24, 2018 and January 22, 2019.

Suresh Talwar, Chairman of the Stakeholders' Relationship Committee, was present at the AGM of the Company held on July 25, 2018.The details of shareholders' complaints received and resolved during the Financial Year ended March 31, 2019 are as under:

Opening Balance	Received during the year	Resolved during the year	Balance outstanding as on March 31, 2019
1	1	2	0

There were 210 requests received by the Company/RTA for various issues such as copies of Annual Report, Renewal of IPO Refund Order, Renewal of dividend warrant amongst others. All the requests were closed within the stipulated time.

Compliance Officer

Mayank Verma, Company Secretary, has been appointed as the Compliance Officer of the Company as per Regulation 6 of the SEBI Listing Regulations, 2015 to discharge all duties under the listing regulations.

Role of Company Secretary

The Company Secretary plays a key role in ensuring that effective Board procedures are followed and reviewed periodically. He is primarily responsible for ensuring compliance with all the provisions of the Companies Act. These include SEBI Listing Regulations, Secretarial Standards issued by the Institute of Company Secretaries of India and provisions of all other applicable laws to the Company. He ensures timely flow of information along with relevant supporting documents to the Directors and the Senior Management team for effective decision making at the respective meetings. He also assists and advises the Board in following good corporate governance practices.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In terms of Section 135 of the Companies Act, 2013, the Board, on October 23, 2013, constituted a Corporate Social Responsibility (CSR) Committee. Our CSR Committee comprises of four Independent Directors and one Non-Executive Director as on March 31, 2019.

The composition of the Committee and the attendance details of the members are given below:

Name	Category	Meeting Held	Meeting Attended
Dr. Bala S. Manian ©	ID	2	1
Suresh Talwar	ID	2	2
Dr. Vijay Kuchroo	ID	2	2
Vinita Bali	ID	2	2
Prof. Catherine Rosenberg	NED	2	2

ID: Independent Director
NED: Non-Executive Director
©: Chairperson

Terms of reference:

- To formulate and recommend to the Board, a CSR Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013
- To recommend the amount of expenditure to be incurred on CSR activities; and
- To monitor the Company's CSR policy from time to time.

Syngene believes and acknowledges its responsibility towards the environment, its consumers, employees and other stakeholders.

Its CSR initiatives are based on the principle of making an enduring impact on the society through programmes that promote social and economic inclusion.

The Company is committed to innovation, affordability and access to healthcare. In line with this commitment, and as a socially responsible organisation, the Company has invested in CSR programmes aimed at making a difference in the lives of marginalised communities.

The Company's CSR activities are executed through Biocon Foundation that develops and implements healthcare, educational and infrastructure projects; rural development; promotion of art and culture; gender equality and safety of vulnerable sections of society. The CSR policy of the Company is available on our website at http://www.syngeneintl.com/investor-relations/corporate-governance.

During the Financial Year, two meetings of the Committee were held i.e. on April 25, 2018 and October 24, 2018. The CSR Report as required under the Companies Act, 2013 for the year ended March 31, 2019 is annexed as Annexure 11 to the Board's Report.

NOMINATION AND REMUNERATION COMMITTEE

The Board, on April 23, 2014, constituted the Nomination and Remuneration Committee in accordance with Section 178 of the Companies Act, 2013 and SEBI Listing Regulations, 2015.

Our Nomination and Remuneration Committee comprises of four Independent Directors and one Non-Executive Director as on March 31, 2019

The composition of the Committee and the attendance details of the members are given below:

Name	Category	Meeting Held	Meeting Attended
Dr. Bala S. Manian ©	ID	4	3
Suresh Talwar	ID	4	4
Dr. Vijay Kuchroo	ID	4	4
Vinita Bali	ID	4	3
Prof. Catherine Rosenberg	NED	4	4

ID: Independent Director,
NED: Non-Executive Director
©: Chairperson

Terms of Reference:

- Review the Board Structure, Size and Composition and thereafter make any recommendations to the Board in this regard
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director

- Recommend to the Board, suitable candidates for the role of an Independent Director
- Recommend to the Board the appointment and removal of a Director, Key Managerial Personnel and Senior Management
- Recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees
- Analyse, monitor and review various human resource and compensation matters
- Specify the manner of effective evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliances
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors
- Ensure appropriate induction, training and education programs are in place for new and existing Directors and review its effectiveness periodically
- Perform such necessary functions as are required to be performed by the Committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

The Committee also works with the Board on the Leadership Succession Plan and prepares contingency plans for succession in case of any exigencies.

During the Financial Year, four meetings of the Committee were held i.e. on April 25, 2018; July 25, 2018; October 24, 2018 and January 22, 2019.

Remuneration Policy

The Remuneration Policy of the Company is broadly based on the following criteria:

- The remuneration structure is reasonable and sufficient to attract, retain and motivate employees at all levels in the Company
- Relationship of remuneration with the employee's performance is clear and meets performance benchmarks; and
- Remuneration to Directors/Senior Management/Key Managerial Personnel involves balance between fixed pay, variable pay and stock options reflecting short and long-term objectives derived to achieve the Company's goal.

For details, refer Annexure 7 of the Board's Report on policy relating to Director's appointment and remuneration.

REMUNERATION OF DIRECTORS

Pecuniary Relationship or Transactions of the Non-Executive Directors

There was no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company, which has potential conflict with the interest of the organisation at large.

Criteria for Making Payment to Non-Executive Directors

The roles of Non-Executive/Independent Directors are not just restricted to corporate governance or outlook of the Company, but they also bring with them significant professional expertise and rich experience across the wide spectrum of functional areas such as Scientific Knowledge, Research & Development, Manufacturing, Corporate Strategy, Finance, Compliance and Governance, Human Resource Capital, and other corporate functions. The Company seeks their expert advice on various matters from time to time. Hence, the compensation to the Non-Executive Directors is recommended. The Nomination and Remuneration Committee determines and recommends to the Board the compensation payable to Directors.

Compensation/Fees Paid to Non-Executive Directors

Non-Executive Directors of the Company are paid remuneration as detailed below by way of commission, which was approved by the Board and subsequently by the shareholders through Postal Ballot dated March 5, 2019. The overall limit is 1% per annum of net profits of the Company, calculated as per the provisions of Section 198 of the Companies Act, 2013, for remuneration payable by way of commission to the Non-Executive Directors of the Company.

Sl. No.	Particulars	Amount in USD
1	Board meeting fee	5,000
2	Chairperson fee – Audit committee	4,000
3	Member fee – Audit committee	2,000
4	Chairperson fee – NRC and CSR committee each	2,000
5	Member fee – NRC and CSR committee each	1,000

Besides the above commission, Foreign Directors are also paid travel allowance of USD 4,000 in case of travel from America and USD 3,000 in case of travel from any other country for attending Board meetings. The Directors are entitled to reimbursement of all expenses for participation in the Board and Committee meetings. Further, all the Non-Executive Directors were paid a consolidated sitting fee of Rs. 1 Lac each quarter for attending the Board and Committee meetings.

Compensation to Executive Directors

Kiran Mazumdar Shaw and Jonathan Hunt are the Company's Executive Directors and all others are Non-Executive Directors. Kiran Mazumdar Shaw does not draw any remuneration from the Company.

The shareholders, at the 24th AGM of the Company held on July 25, 2017, had appointed Jonathan Hunt as the Whole-time Director of the Company. He is not liable to retire by rotation for a period of five years effective from May 1, 2017. His appointment is on such terms and conditions, including remuneration, subject to the limit of 5% of the net profit of the Company. The remuneration includes annual base pay subject to performance-linked increment, variable pay linked to Company's performance, long-term incentives, including stock options, and perquisites, as well as other allowances as per the Company's policy and approved by the Board.

During the Financial Year, no stock options were granted to any Executive/Non-Executive Directors of the Company.

Any annual pay, variable pay or incentives payable to Executive Directors is determined keeping in view their performance on various financial and non-financial parameters approved by the Board based on recommendation from Nomination and Remuneration Committee.

The details of remuneration and sitting fees paid or provided to all the Directors during the year ended March 31, 2019 are as under:

(Rs. in Million)

Name of the Director	Salary & Perquisites			Others		Total
	Fixed Pay + Bonus	Stock Options	Retiral Benefits*	Commission	Sitting Fees	Total
Kiran Mazumdar Shaw	-	-	-	-	-	-
Jonathan Hunt	47.21	42.31	-	-	-	89.52
John Shaw	-	-	-	0.34	0.10	0.44
Prof. Catherine Rosenberg	-	-	-	0.78	0.40	1.18
Russell Walls	-	-	-	2.83	0.40	3.23
Suresh Talwar	-	-	-	2.40	0.40	2.80
Paul F Blackburn	-	-	-	3.18	0.40	3.58
Dr. Bala S. Manian	-	-	-	2.48	0.30	2.78
Dr. Vijay Kuchroo	-	-	-	2.97	0.40	3.37
Vinita Bali	-	-	-	1.49	0.30	1.79

Note: the details above are as on accrual basis.

**The remuneration does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.*

Service Contracts, Notice Period and Severance Fees

As on March 31, 2019, the Board comprised of ten members, including two Executive Directors and eight Non-Executive Directors, of which six are Independent Directors. Kiran Mazumdar Shaw, Managing Director, is not an employee of the Company. Hence, there is no separate provision for payment of severance fees to her. Additionally, Jonathan Hunt, being in employment, as per terms of appointment will be eligible for severance fees equivalent to three months' notice. However, other Directors are not subject to any notice period and severance fees.

General Body Meetings

Location, dates and time of the last three AGMs

Location, dates and time of the last three AGMs are detailed below:

Sl. No.	Financial Year	Date and Time	Location	Special Resolution Passed
1	2015-16	June 30, 2016 2:00 PM	Tyler Jacks Auditorium, Biocon Park SEZ, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru, 560 099	None
2	2016-17	July 25, 2018 2:00 PM	Tyler Jacks Auditorium, Biocon Park SEZ, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru, 560 099	Re-appointment of Russell Walls as an Independent Directors for a period of three year. i.e. till the conclusion of 27th AGM
3	2017-18	July 25, 2018 2:30 PM	Tyler Jacks Auditorium, Biocon Park SEZ, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru, 560 099	Re-appointment of Suresh Talwar as an Independent Directors for a period of five years, i.e. till the conclusion of 30th AGM

Details of Postal Ballot during the year along with Voting Pattern:

During the financial year, the Company had sought approval of the shareholders through Postal Ballot. The Board had appointed Mr. V Sreedharan, Practicing Company Secretary, partner of M/s V Sreedharan & Associates, Company Secretaries, Bengaluru (FCS 2347; CP 833) and in his absence Mr. Pradeep B Kulkarni, Practicing Company Secretary, Bengaluru (FCS 7260; CP 7835), as the Scrutinizer for conducting the postal ballot process in fair and transparent manner. The details of the postal ballot are as follows:

Date of Postal Ballot Notice: January 22, 2019

Voting Period: February 4, 2019 to March 5, 2019

Date of Approval: March 5, 2019

Date of Declaration of Result: March 7, 2019

Name of the Resolution	Type of Resolution	No. of Votes Polled	Votes cast in favour		Votes cast against	
			No. of Votes	%	No. of votes	%
Approval for the continuation of directorship of Mr. Russell Walls (DIN: 03528496), as a Non-Executive Independent Director of the Company, who will attain the age of 75 years before March 31, 2019, till the conclusion of 26th Annual General Meeting to be held in 2019.	Special Resolution	17,73,68,728	17,73,66,998	99.99	1,730	0.01
Approval for the continuation of directorship of Mr. Suresh Talwar (DIN: 00001456), as a Non-Executive Independent Director of the Company, who has attained the age of 75 years, till the conclusion of 26th Annual General Meeting to be held in 2019.	Special Resolution	17,73,68,728	17,42,80,155	98.26	30,88,573	1.74

Communication of Financial Results

The quarterly, half-yearly and annual financial results are sent to the Stock Exchanges immediately after the Board's approval. These results are also published in Financial Express, a national daily publication, and Vijayavani, a regional daily. The results along with presentations made by the Company to analysts are also posted on the Company's website at www.syngeneintl.com.

The website also displays all official news releases from time to time. The Company organises investor conference calls to discuss its financial results every quarter where investor queries are answered by the Management of the Company. The transcripts of these conference calls are available on our website.

General Shareholders' Information

Day and Date of Annual General meeting	Wednesday, July 24, 2019
Time	4:30 PM
Venue	Tyler Jacks Auditorium, Biocon Research Centre, Biocon Park, Special Economic Zone, Bommasandra, Jigani Link Road, Bengaluru 560 099
Financial year	1st day of April to 31st day of March in the next calendar year
Dividend payment date	July 31, 2019
Date of Book Closure / Record Date / Cut off	July 17, 2019
Listing of stock Exchanges	The National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra – Kurla Complex, Bandra (East), Mumbai- 400 051 The BSE Limited (BSE) Floor 25, P J Towers, Dalal Street, Mumbai 400 001
Payment of annual listing fees	Paid
Stock Symbol /Code	Syngene (NSE) 539268 (BSE)
International Securities Identification Number (ISIN)	INE398R01022
Face Value per share	Rs. 10/-
Date of Listing	August 11, 2015
Financial calendar for 2019-20 (tentative dates)	
For the quarter ending June 2019	July 24, 2019
For the quarter ending September 2019	October 22, 2019
For the quarter ending December 2019	January 22, 2020
For the quarter ending March 2020	April 28, 2020

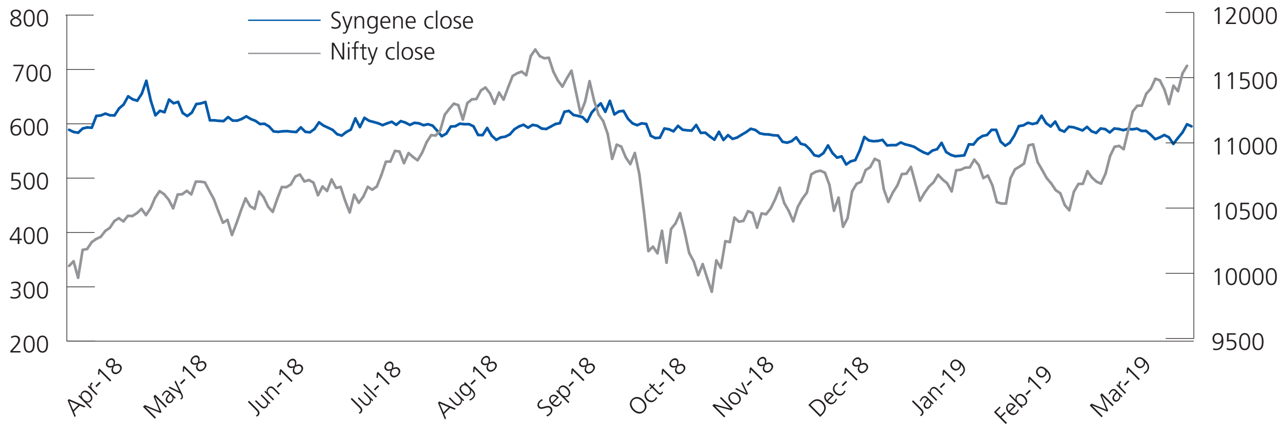
Market Price Data for FY19

The Company's shares are regularly traded on BSE Limited and National Stock Exchange of India Limited. The monthly high/low and volume of shares of the Company from April 1, 2018 to March 31, 2019 is given below:

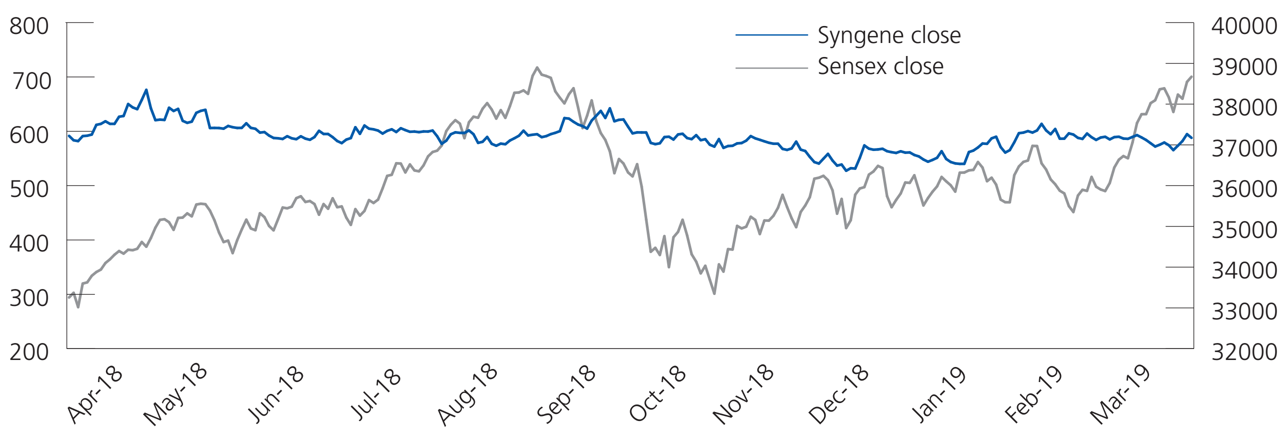
Months	NSE			BSE		
	High Price (Rs.)	Low Price (Rs.)	Volume of Equity Shares	High Price (Rs.)	Low Price (Rs.)	Volume of Equity Shares
Apr/18	700.00	580.20	26,38,844	699.80	579.10	2,82,732
May/18	659.80	591.00	61,02,259	657.00	592.25	25,91,704
Jun/18	614.95	571.00	19,18,906	611.90	574.05	1,15,265
Jul/18	624.40	565.00	13,34,902	618.90	565.15	3,54,610
Aug/18	608.00	555.00	13,73,443	608.00	556.00	5,30,249
Sep/18	658.00	580.00	34,45,666	657.50	581.25	16,77,905
Oct/18	624.70	556.10	12,22,226	622.45	558.05	2,04,283
Nov/18	596.95	535.65	9,79,375	594.20	536.10	51,283
Dec/18	589.00	500.10	16,47,488	582.00	509.30	64,000
Jan/19	600.00	535.00	32,78,977	599.00	532.00	76,107
Feb/19	619.00	573.05	15,01,096	616.50	572.60	1,84,121
Mar/19	604.70	560.50	12,61,640	604.25	560.00	2,62,566

Relative Movement Chart

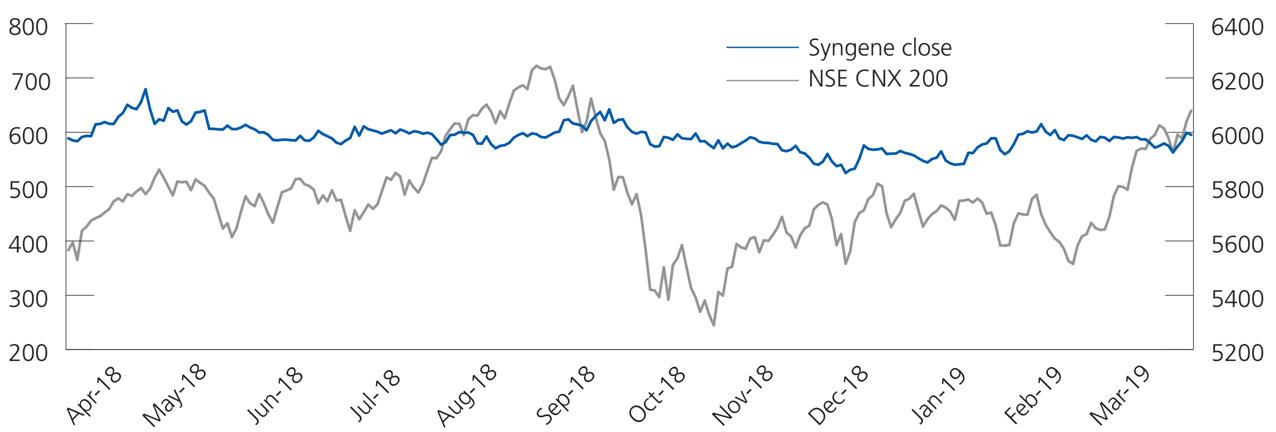
Syngene and S & P Nifty share price movement from April 1, 2018 to March 31, 2019



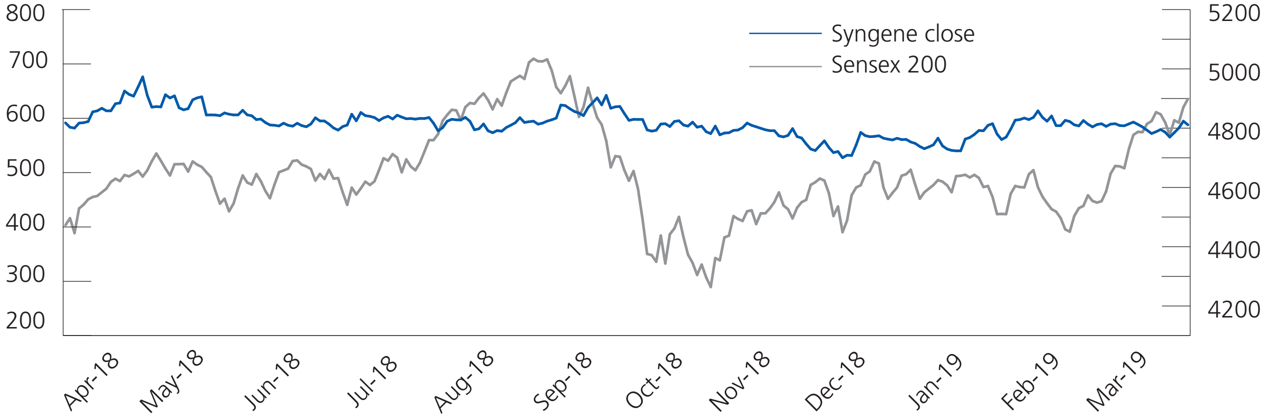
Syngene and BSE Sensex share price movement from April 1, 2018 to March 31, 2019



Syngene and S & P CNX 200 share price movement from April 1, 2018 to March 31, 2019



Syngene and BSE S & P 200 share price movement from April 1, 2018 to March 31, 2019



As on March 31, 2019 the securities of the Company are not suspended from trading.

Registrar to an Issue and Share Transfer Agents

The members of the Company may address all their communication relating to transfer, transmission, refund order, dividend and National Electronic Clearing system (NECS) dematerialisation, among others, to the Company's Share Transfer agent i.e. Karvy Fintech Private Limited at the address given below and may also write to the Company.

Karvy Fintech Private Limited
(Unit: Syngene International Limited)
Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032 Telangana, E-mail id: einward.ris@karvy.com

Share Transfer System

All the Company's shares are held in dematerialised form, except for 110 shares that were in physical form as on March 31, 2019. The Stakeholders Relationship Committee approves the transfer of shares in the physical form as per the time limits and procedure specified in Regulation 40 of SEBI Listing Regulations, 2015. There are no shares in Demat suspense account and unclaimed suspense account as on March 31, 2019.

Distribution of shareholding by number of shares

Sl. No.	Category	Number of Shares	% to paid up Capital
1	Promoters	14,21,04,995	71.05
2	Foreign Institutional Investors	3,45,97,578	17.30
3	NRI & Foreign Nationals	4,68,431	0.23
4	Mutual Funds, Banks, FIs	95,96,152	4.80
5	Directors	1,25,000	0.06
6	Body Corporates	14,04,423	0.70
7	Indian Public & Others	96,65,420	4.83
8	Non-Promoter Non-Public	20,38,001	1.02
	TOTAL	**20,00,00,000**	**100.00**

List of shareholders holding more than 1% of the paid-up share capital as on March 31, 2019

Sl. No.	Name	Shareholding	% to paid up Capital
1	Biocon Limited	14,04,87,386	70.24
2	Theleme Master Fund Limited	64,73,914	3.24
3	Camas Investments Pte. Ltd.	47,85,000	2.39
4	Reliance Capital Trustee Co. Ltd.	35,34,256	1.77
5	UTI-Unit Linked Insurance Plan	29,39,615	1.47
6	Gaoling Fund, L.P.	21,88,454	1.09
	Total	**16,04,08,625**	**80.2**

Distribution of shareholding by number of shares

Sl. No.	Category	No of shareholders	Total Shares	% to shareholders	% to Paid up Share Capital
1	upto 1 - 5,000	39,841	30,08,555	93.45	1.50
2	5001 - 10,000	1,461	10,65,336	3.43	0.53
3	10001 - 20,000	524	7,58,661	1.23	0.38
4	20,001 - 30,000	182	4,51,246	0.43	0.23
5	30,001 - 40,000	105	3,63,853	0.25	0.18
6	40,001 - 50,000	90	4,12,770	0.21	0.21
7	50,001 - 100,000	180	12,82,571	0.42	0.64
8	100,001 & Above	251	19,26,57,008	0.59	96.33
	Total	**42,634**	**20,00,00,000**	**100.00**	**100.00**

Dematerialisation of Shares and Liquidity

Syngene's shares are available for trading only in electronic form. We have established connectivity with both the depositories, which are National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) allotted to the shares under the Depository System is INE398R01022.

Other outstanding instruments

There are no outstanding GDR/ADR/warrants/any convertible instruments as on March 31, 2019.

Commodity Price risk or foreign exchange risk and hedging activities

The Company has Foreign Exchange Risk Management Policy. Accordingly, during the financial year, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The details of foreign currency exposure and hedging are disclosed in notes to the financial statements.

Statement showing un-claimed dividend/IPO refund as at March 31, 2019

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividend, which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. The Company under investor's initiatives has sent the reminder letters to all stakeholders to claim the below mentioned unclaimed amount. The unclaimed dividend/IPO refund amounts, along with their due dates for transfer to IEPF, are mentioned below:

Sl. No.	Year	Nature	Dividend Amount per Share (in Rs.)	Amount of unclaimed dividend/IPO refund as at March 31, 2019 (in Rs.)	Due date for transfer of unclaimed dividend amount to IEPF (IEPF rule 3(1))
1	2015-16	IPO refund	NA	11,08,800	August 5, 2022
2	2015-16	Interim Dividend	1.00	61,700	April 16, 2023
3	2016-17	Final Dividend	1.00	54,218	September 1, 2024
4	2017-18	Final Dividend	1.00	56,328	September 28, 2025

Plant Locations

Biocon Park SEZ, Plot No. 2, 3, 4 & 5 Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru-560099	113-C – 2, Bommasandra Industrial Area, Attibele, Hobli, Anekal Taluk, Bengaluru-560099

Address for Correspondence

Financial Disclosure Chinappa M B President – Finance & Chief Financial Officer Tel: 91 80 - 2808 3901 E-mail id: mb.chinappa@syngeneintl.com	**For queries related to shares / dividend / compliance** Mayank Verma Company Secretary and Compliance Officer Tel.: 91 80 - 6775 8781 E-mail id: mayank.verma@syngeneintl.com
Media Sandeep Nair Corporate Communications Tel: 91 80 - 6775 8775 E-mail id: sandeep.nair@syngeneintl.com	**Investor Relations (Investors & Research Analysts)** Chanderlekha Nayar Investor Relations Tel: 91 80 – 6775 8821 E-mail id: chanderlekha.nayar@syngeneintl.com
Regd. Office Address Syngene International Limited Biocon Park SEZ, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru - 560 099 Tel: 91 80 – 6775 5000 E-mail id: investor@syngeneintl.com	**Registrar and Share Transfer Agents** Karvy Fintech Private Limited (Unit: Syngene International Limited), Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Tel: 91 040 – 6716 1518 E-mail id: einward.ris@karvy.com

Other Disclosures

Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.

During the Financial Year, no materially significant related party transactions that may have potential conflict with the interests of the Company at large, have been entered.

All transactions entered with related parties as defined under the Companies Act, 2013 during the Financial Year were in the ordinary course of business and on an arm's length basis. It did not attract provisions of Section 188 of the Companies Act, 2013, relating to approval of shareholders. However, prior approval from the Audit Committee were obtained for transactions, which are repetitive and normal in nature. Further, disclosures are made to the Committee and the Board on a quarterly basis. Details of related party transactions are also presented in the notes to financial statements.

Details of non-compliance by the listed entity, penalties and strictures imposed on the listed entity by Stock Exchange(s) or the Board or any statutory authority, on any matter related to capital markets, during the last three years:

During the Financial Year, the Company has complied with all the requirements of the Stock Exchange(s), SEBI or any other statutory authority on all matters related to capital markets, since it got listed on Stock Exchanges on August 11, 2015. Additionally, there were no non-compliance, penalties or strictures imposed on the Company by the Stock Exchange(s) or the Board or any other statutory authority.

Establishment of the whistle-blower/vigil mechanism and affirmation that no personnel have been denied access to the Audit Committee

The Company's Whistle Blower Policy allows employees, directors and other stakeholders to report matters such as genuine grievances, corruption, fraud, misconduct, misappropriation of assets and non-compliance of code of conduct of the Company or any other unethical practices. The Policy provides adequate safeguard against victimization to the Whistle Blower and enables them to raise concerns to the Integrity Committee and also provides an option of direct access to the Chairperson, Audit Committee. Syngene has engaged "In Touch India, Ernst & Young" to provide online platform to raise complaints by whistle blower. During the year, none of the employees have been denied access to the Chairman of the Audit and Risk Committee.

The Whistle Blower Policy is available on the Company's website at http://www.syngeneintl.com/investor-relations/corporategovernance

Details of compliance with mandatory requirements and adoption of non-mandatory/discretionary requirements

The Company has complied with all mandatory requirements of corporate governance as specified under SEBI Listing Regulations, 2015. It has also complied with few non-mandatory/discretionary requirements as specified in Part E of Schedule II.

Adoption of discretionary requirements as specified in Part E of Schedule II

The Company fulfils the following discretionary requirements pursuant to Section 27 (1) of the SEBI Listing Regulations read with Part E of Schedule II:

- The Company is in the regime of unqualified financial statements.
- The Internal Auditors report directly to the Audit Committee.
- The posts of Chairperson & Managing Director and Chief Executive Officer are held by separate individuals.

Disclosure of Accounting Practices

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act, read together with Paragraph 7 of the Companies(Accounts) Rules, 2014 ('previous GAAP').

These financial statements have been prepared for the Company as a going concern based on relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2019. These financial statements were authorised for issuance by the Board on April 24, 2019.

Policy for determining material subsidiary

The Company has no material subsidiary.

Policy for determining Related Party transactions

The Company has formulated a policy on materiality of related party transactions and on dealings with such transactions. This is available on the Company website at http://www.syngeneintl.com/investor-relations/corporate-governance.

Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

The Company has not raised any fund through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) during the FY 2018-19.

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor.

BSR & Co. LLP are the Statutory Auditors of the Company. They also audit the financial statements of Syngene USA Inc., a wholly owned subsidiary of the Company. The details of payment made to them on consolidated basis are available on page number 175 of the Financial section.

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

Sl. No.	Particulars	Number of Complaints
1	Number of complaints filed during the financial year	5
2	Number of complaints disposed of during the financial year	5
3	Number of complaints pending as at the end of the financial year	0

CEO and CFO Certification

As required under Regulation 17(8) of the SEBI Listing Regulations, 2015, the CEO and CFO have given compliance certificate on financial statements to the Board of the Company. The certificate is annexed with this report.

Certificate from Company Secretary in practice

As required under the SEBI Listing (Amendment) Regulations, 2018, Schedule V Part C (10) (i), the Certificate from a Company Secretary in practice that none of the directors on the Board of the company have been debarred or disqualified from being appointed or to continue as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. This document is annexed to the report as Annexure 1.

Corporate Governance Compliance Certificate

As required under Schedule V (E) of the SEBI Listing Regulations, the corporate governance compliance certificate from M/s B S R & Co. LLP, Chartered Accountants (Firm Registration No.

101248W/W100022), Statutory Auditors of the Company, is annexed with the Directors' Report as Annexure 6.

Code of Conduct

In compliance with Regulation 26(3) of the SEBI Listing Regulations, 2015 and the Companies Act, 2013, the Company has framed and adopted the Code of Conduct for the Board and Senior Management. The Company has received confirmations from the Board and Senior Management regarding compliance of the code during the financial year under review. The Code of Conduct is available on the website of the Company at http://www.syngeneintl.com/investor-relations/corporate-governance.

All the members of the Board and Senior Management have affirmed compliance to the Code as on March 31, 2019.

Declaration by the CEO on the Code of Conduct

This is to confirm that the Company has adopted the Code of Ethics and Business Conduct, which is applicable to all Directors, officers and employees of the Company and this Code is posted on the Company's website. I hereby confirm that all the members of the Board and Senior Management Personnel of the Company have affirmed compliance with the Code of Ethics and Business Conduct in respect of the Financial Year ended March 31, 2019.

For Syngene International Limited

Date: April 24, 2019
Jonathan Hunt

Place: Bengaluru
Whole-time Director & CEO

ANNEXURE 1

CERTIFICATE UNDER SCHEDULE V PART C (10) (i) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (AMENDMENT) REGULATIONS, 2018 FOR THE YEAR ENDED MARCH 31, 2019

To,
SYNGENE INTERNATIONAL LIMITED
Biocon SEZ, Biocon Park, Plot.No.2 & 3,
Bommasandra Area IV Phase, Jigani Link Road,
Bommasandra, Bangalore - 560099

We have examined the registers, records, books and papers of SYNGENE INTERNATIONAL LIMITED as required to be maintained under the Companies Act, 2013 and SEBI(Listing Obligations and Disclosure Requirement) Regulations and the Rules made thereunder for the year ended March 31, 2019 for the purpose of issuing a Certificate as per Schedule V Part C (10) (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendments) Regulations, 2018. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we hereby certify that in respect of the aforesaid year:

- None of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority, Act and the Rules made thereunder and all entries have been duly recorded therein.

For **V. Sreedharan & Associates**
(Pradeep B. Kulkarni)
Partner
FCS 7260; CP No. 7835

April 17, 2019

Business Responsibility Report for 2018-19

Syngene International Limited has always believed in the power of partnerships to unlock long-term value for its stakeholders, in a responsible manner, through well-defined and committed business practices. In addition to partnering with our clients in their R&D endeavour, Syngene focuses on the environment, social responsibilities and good governance at the centre of everything it does. The Business Responsibility Report (BRR) illustrates the Company's efforts towards creation of value, in an accountable manner for all its stakeholders, both internal as well as external. This report covers Syngene's operations and is aligned with National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business released by the Ministry of Corporate Affairs and is in accordance with Regulation 34(2)(f) of SEBI Listing Regulations, 2015. Through the Business Responsibility Report the Company communicates its performance to all stakeholders and creates shareholder value. The nine guiding principles of the BRR cover all aspects which are of significance to business operations and environment-friendly practices undertaken by the organisation.

Section A: General Information about the Company

- Corporate Identity Number: L85110KA1993PLC014937
- Name of the Company: Syngene International Limited
- Registered address: Biocon SEZ, Biocon Park, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru – 560 099
- Website: www.syngeneintl.com
- Email-id: investor@syngeneintl.com
- Financial year reported: April 1, 2018 to March 31,2019
- Sector(s) that the Company is engaged in (Industrial activity code-wise) – Scientific Research & Development (NIC code 72).
- Three key products/services that the Company manufactures/provides (as in B/s) –
  - Discovery Services
  - Development Services
  - Integrated Discovery and Development Services
- Total number of locations where business activity is undertaken by the Company
  - (a) Number of International Locations –Nil
  - (b) Number of National Locations - Six operational units in Bengaluru
- Markets served by the Company – Syngene provides its services to a global clientele spread across 30+ countries

Section B: Financial Details of the Company

Sl. No.	Particulars	Details as on March 31, 2019 (In Million)
1.	Paid up capital	Rs. 2,000
2.	Total turnover (Revenue from operations)	Rs. 18,256
3.	Total profit after tax	Rs. 3,307
4.	Total spending on Corporate Social Responsibility (CSR) by the Company	2% of the average net profits of the Company made during three immediate preceding financial years. Refer Annexure 11 of the Directors' Report, page 87
5.	List of activities in which expenditure in 4 above has been incurred.	Please refer annexure 11 of the Board's report, page 87.

Section C: Other Details

Sl. No.	Particulars	
1.	Does the Company have any subsidiary Company/ Companies?	Yes, please refer annexure 01 of the Board's report
2.	Do the subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary.	No
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	Other entities do not directly participate in the BR Initiatives of the Company.

Section D: BR Information

1. Details of Director/Directors responsible for BR:

a) Details of the Directors responsible for implementation of the BR policy:

- DIN:07774619
- Name: Jonathan Hunt
- Designation: Whole Time Director & CEO

b) Details of the BR Head:

Jonathan Hunt, Whole-time Director & CEO, along with Executive Committee, oversees the implementation of Business Responsibility initiatives. However, the Company currently does not have a separate BR Head to lead this function.

Principles covered under the Business Responsibility Report

Sl. No.	Descr ption	Reference of Syngene Policies
P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability	Code of Ethics and Business Conduct, Integrity and Whistle Blower policy
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Environment, Health, Safety and Sustainability (EHSS) policy, Quality policy and procurement SOP
P3	Businesses should promote the well-being of all employees	HR Policies including Employment Policy and Prevention of Sexual Harassment to Women
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Corporate Social Responsibility Policy
P5	Businesses should respect and promote human rights	Code of Ethics and Business Conduct, HR policies
P6	Business should respect, protect and make efforts to restore the environment	EHSS Policy, Energy Policy
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	-
P8	Businesses should support inclusive growth and equitable development	Corporate Social Responsibility Policy
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	IT Policies, Quality Policy and Data Integrity Policy

1. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N):

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7*	P8	P9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	N	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director	Y	Y	Y	Y	Y	Y	N	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Jonathan Hunt, Whole-time Director & CEO, along with the Executive Committee is authorised to oversee policy implementation.								
6	Indicate the link for the policy to be viewed online? (** refer note)	Y	Y	Y	Y	Y	Y	N	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders? (** refer note)	Y	Y	Y	Y	Y	Y	N	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	N	Y	Y	N	N	Y

*Note: * Syngene, through regular engagement with specific external stakeholders, regulatory authorities and industrial associations, plays an active role in influencing public policies. However, Syngene does not have formal advocacy policy.*

*** All the Company policies are available on intranet for internal stakeholders. However, wherever external stakeholders are involved, relevant policies are also available on the Company's website www.syngeneintl.com.*

1. Governance related to Business Responsibility:

The governance related to Business Responsibility is being reviewed periodically by the Executive Committee. A copy of the report will also be made available at www.syngeneintl.com

Section E: Principle wise performance

P. No.	Description	Response
Principle 1 – Business should conduct and govern themselves with Ethics, Transparency and Accountability		
1.1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/NGOs /Others?	Syngene is committed to observing good corporate governance practices. Its corporate governance framework is an integral element of the organisational culture and covers the Company and its suppliers/contractors/others. It has adopted a policy on Code of Ethics and Business Conduct, which is applicable to all employees and directors to guide them to conduct business in an ethical, responsible and transparent manner.
1.2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company's Whistle Blower policy allows directors, employees, and other stakeholders to report matters such as genuine grievances, corruption, fraud, misconduct, misappropriation of assets, and non-compliance of code of conduct of the Company or any other unethical practices. The policy provides them adequate safeguard against victimisation to the Whistle Blower and enables them to raise concerns to the Integrity Committee. It also provides an option of direct access to the Chairperson, Audit Committee. Syngene has engaged "In touch India, Ernst & Young" to provide an online platform to raise complaints by the whistle blower. For details pertaining to shareholders complaints, refer to the 'Shareholders Complaints' section in the Corporate Governance report of the annual report. For other grievances, refer principle 3.7 of this report. The Company did not receive any external stakeholder complaints during the last financial year.

Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their Life Cycle

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

Syngene offers a range of integrated services across the drug discovery and development value chain. Due to the integrated nature of the Company's services, it is not possible to define the concerns, risks and opportunities for each service individually. However, it considers EHSS as a top priority in all its processes and is committed to achieving it in the most responsible manner.

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

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

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

The performance indicators are different in each of the Company's business units, most common being the laboratory footprint and equipment occupancy. The Company has set standards to monitor and control the consumption of resources at various stages of its operation. During the year, the electricity and water consumption has increased owing to the addition of new facilities. The consumption details are shown in the table below:

Equipment Occupancy

Particulars	FY18	FY19
Electrical Units/KL of reactor occupancy	441 Units /KL of reactor occupancy	485 Units /KL of reactor occupancy

Rest all Laboratory and plants foot-print

Particulars	FY18	FY19
Electrical Units Consumed	33.9 Units/sq. ft.	40.2 Units/sq. ft.
Water	Raw Water: 0.017 KL /Sq. ft. Processed Water: 0.048 KL/ sq. ft.	Raw Water: 0.024 KL /Sq. ft. Processed Water: 0.050 KL/ sq. ft.
Steam	0.014 Ton /sq. ft.	0.013 Ton /sq. ft.

We offer services to clients who further take it to customers. Hence, there are no established monitoring mechanisms to ascertain reduction in energy and water usage by consumers.

2.3 Does the company have procedures in place for sustainable sourcing (including transportation)?

If yes, what percentage of your inputs were sourced sustainably? Also, provide details thereof, in about 50 words or so.

Syngene has set in place a comprehensive sourcing procedure. Various procurement and commercial related policies define the parameters based on which vendors are evaluated and selected for supplying various materials. Periodic vendor audits are also conducted to ensure compliance with the Company's sourcing policies. During FY19, 60% of the procurement was from domestic vendors.

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

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

As part of the Company's community development philosophy, it supports functions such as catering, employee transportation services, housekeeping, landscaping and others. These functions are outsourced to local vendors in the vicinity of its operations with an objective of developing them as well as supporting economic growth.

2.5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Syngene is accredited with ISO 14001: 2015 and OHSAS 18001: 2007 certification from TUV Nord. It has successfully implemented various measures aimed at optimising, recycling, recovering and reusing resources and is working towards achieving 'Zero Liquid discharge' at its plant site. The waste generated in its research laboratories and manufacturing facilities is transferred to its tertiary effluent treatment plant and the treated water is recycled for use in utilities and landscaping as per prescribed norms. The Company has also put in place systems and processes to actively recover solvents used in the manufacturing process and reuse them in the best possible manner in line with regulatory guidelines. During the financial year, about 70% solvents were recycled and reused.

Principle 3 - Businesses should promote the wellbeing of all employees.

The employee initiatives at Syngene are driven by the philosophy of 'Hire-train-retain'. A company's workforce is its valuable asset and employee morale, engagement and productivity often form a glue that holds the business together. Innovation in HR practices is central to institutionalising collaborative work environment, driving transformational leadership and developing value-based culture.

3.1	Please indicate the total number of employees	4,619
3.2	Please indicate the total number of employees hired on contractual/ casual basis	Consultants – 136 Trainees – 32 Contract workmen – 730
3.3	Please indicate the total Number of permanent women employees.	987
3.4	Please indicate the number of permanent employees with disabilities	2
3.5	Do you have an employee association that is recognised by management?	No
3.6	What percentage of your permanent employees are members of this recognised employee association?	Nil
3.7	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	During FY19, there were no instances of any child labour, forced/involuntary labour or discriminatory employment. The Company has a Prevention of Sexual Harassment policy in accordance with the statutory requirements of Sexual Harassment of Women at Workplace (prevention, prohibition and redressal) Act, 2013. All sexual harassment complaints are diligently reviewed and investigated by an Internal Complaints Committee constituted under the Prevention of Sexual Harassment policy. The summary of such complaints received and resolved during the financial year is given below:

No.	Category	No of Complaints filed during the financial year	No of complaints pending as at the end of the financial year
1	Child labour/ forced labour / involuntary labour	-	-
2	Sexual harassment of Women at the workplace	5	-
3	Discriminatory employment	-	-

3.8	What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?	**Learning and Development (L&D)** Being a leading CRO, it's imperative for Syngene employees to keep abreast with the latest developments within their domain as well as stay updated on industry trends and technologies, quality and regulatory updates and other applicable developments that impact its business. While the Company focuses on in-house soft-skill and behavioural learning interventions through contemporary learning methodologies such as simulation, team building, case study or theatre-based delivery, it also participates in certification or external technical upgradation seminars, conferences and symposiums to build capabilities in a holistic way.

Category	Skill-Upgradation Trainings	Safety Trainings
Permanent employees	55.76%	84.02%
Permanent women employees	61.80%	74.37%
Casual/temporary employees and workers	NA	34.31%
Employees with disabilities	NA	100.00%

Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

4.1	Has the company mapped its internal and external stakeholders? Yes/No	The Company has identified its stakeholders, both internal as well as external, who directly or indirectly influence its business. Key stakeholders include employees, contract workers, clients, consultants, investors and shareholders, vendors, contractors, suppliers and distributors, Government and regulators and local communities.
4.2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?	Yes, the Company has identified the disadvantaged, vulnerable and marginalised stakeholders and through Biocon Foundation, it undertakes various initiatives for the benefit of these communities. For more details, please visit http://www.bioconfoundation.org/.
4.3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.	Social responsibility is integral to Syngene's corporate spirit. The Company engages with the disadvantaged, vulnerable and marginalised stakeholders through various programmes at the national and state levels. Primary healthcare, potable water, education programmes, sanitation, women's empowerment programmes, environmental sustainability and rural development programmes were undertaken during FY19. The Company also undertakes projects under schedule VII of the Companies Act, 2013. All CSR activities for FY19 were executed through Biocon Foundation. Please refer to the 'Corporate Social Responsibility' section of the Boards' Report of Annual Report 2018-19 for more information.

Principle 5 - Businesses should respect and promote human rights.

5.1	Does the policy of the company on Human Rights cover only the company or extend to the Group/ Joint Ventures/Suppliers / Contractors /NGOs/ Others?	The policy covers the Company including its subsidiary.
5.2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	For details pertaining to shareholders complaints, please refer to our "Shareholders Complaints" section in the Corporate Governance report of the Annual Report. For other grievances, please refer to Principle 3 of this report.

Principle 6 - Business should respect, protect, and make efforts to restore the environment

6.1	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures / Suppliers /Contractors / NGOs/ others?	Syngene supports environmental protection through its EHSS policy. The policy is applicable to the Company, its employees and subsidiary unit. This policy and principles are also communicated to all stakeholders of the organisation.
6.2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Syngene is committed to maintaining the highest standards of EHSS by complying with applicable laws and regulations. The Company's EHSS policy is available on www.syngeneintl.com. Sustaining an equitable balance between economic growth and environment preservation has always been a key focus area for the company. The environment management approach has led to efficient and optimum utilization of available resources as well as minimization of waste which is carried out by the adoption of latest technologies. Syngene has adopted Energy Policy to achieve energy efficiency and optimization and reduce Scope-2 emission (Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by a company). Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated) Some of our key environment management programs in 2018-19 include: • Continue to pursue the philosophy of 'Zero Liquid Discharge' (Reusing treated effluent for gardening and utilities) • Kavach program – A safety initiative for cultural change and sustainability across the organisation. • Implementation of Online IT Returns submission – Reduction in paper usage. • Quenching station for safe disposal of expired and discarded Hazardous chemicals. • Chemical sweep program for Cold rooms to minimize the waste and fire risk. This is an ongoing activity to minimize inventory and ensure that the FIFO principle is applied to all materials. • Use of metal beads instead of Oil for the reaction heating to reduce the waste oil generation. • Use of alternate chemicals in place of highly hazardous chemicals (Replacing resources for better environment) • Use of LED lights in the office areas and laboratories wherever feasible (energy conservation) • Use of Trapping Flask (Reduction of solvent exposure) • Use of Reusable lids (Reduction of hazardous waste) • More high-pressure water jet pumps were installed to reduce water usage, and conserve this valuable resource We are coming up with a State of Art manufacturing plant at Mangaluru, Karnataka and following are some of the key initiatives with respect to EHSS management. • Contaminated firewater retention and treatment concept. • Zero liquid discharge facility for effluent treatment. • Safety by Design concept to ensure a safe working environment. • LED lighting across the facility. • Development of Green Belt in and around the Company's operations.

6.3	Does the company identify and assess potential environmental risks? Y/N	Yes. Syngene follows a systematic approach for hazard identification and risk assessment for all activities in the laboratories and manufacturing areas before the commencement of any project. An integrated Process Hazard Identification and Risk Assessment checklist has been implemented to evaluate various risks like fire/explosion risks, high temperature exposure risk, and chemical exposure risk. All risks associated with environment has been checked through Aspect Impact Analysis as well as risk assessment.
6.4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?	Nil
6.5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Please refer para 6.2 above.
6.6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Syngene lays great emphasis on adopting best practices to reduce waste generation. Waste generated at our research facilities and manufacturing plants are within the norms prescribed by the Central and State Pollution Control boards and are disposed/ treated as per regulatory norms and guidelines.
6.7	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at the end of Financial Year.	None

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

7.1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Syngene is committed to contributing to the development of the CRO industry by partnering with regulatory authorities and industry associations in framing appropriate policies and guidelines. It is a member of the association of Biotechnology Led enterprises (ABLE) and Basic Chemicals, Cosmetics and Dyes Export Promotion Council (Chemexcil).

7.2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Syngene works closely with multiple national and international industry and trade associations, through active participation across these platforms., It tries to advance and promote its views on new standards or regulatory developments pertaining to the Contract research industry. The Company also uses its industry domain knowledge and experience to make sound policy decisions to drive change in public policies that are beneficial to the industry in India and globally.

Principle 8 – Businesses should support Inclusive Growth and Equitable Development

8.1 Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company is committed to serve the less privileged communities through sustainable development projects; pivoted on innovation, grass roots implementation, financial grants and sharing of knowledge, focused in the areas of:

- Primary Healthcare
- Education
- Gender Equality & Women Empowerment
- Environmental Sustainability
- Technology Incubation
- Rural Development and
- Traditional Art and Culture.

To maximise impact at the national and state level, all programmes are carried out in partnership with government agencies on strong footing of public private partnerships.

(i) Primary Healthcare: The paradigm of 'eLAJ Smart Clinic' model developed by the Biocon Foundation is an integration of preventive and outpatient primary healthcare services to address health issues, bridge the rural-urban healthcare divide and reduce patient movement to overburdened secondary and tertiary centres. Health services include promotion, maintenance and dignity among the community. The productive model of healthcare delivery has been adopted in 3 private clinics of Biocon Foundation and 15 Government Primary Health Centres in Karnataka. This intervention is beneficial to a population of more than 8 Lacs living predominantly in rural areas, peri-urban areas and slums.

The primary healthcare approach involves early detection and case management and is effective in reducing morbidity and mortality from infectious and non-communicable diseases. It involves a data driven approach with the help of an in-house electronic patient record system which enables our clinics to digitally record every patient interaction. The indispensable electronic data is also amalgamated with the health delivery model to address the basic preventive and primary health concerns in the areas of Communicable Diseases, Maternal and Child Health (MCH), Diet-related Non-Communicable Diseases (NCDs) and prevention of cancers (Cervical cancer, Breast cancer and Oral cancer) through special health camps. This crucial model of outpatient primary care is also complemented by health promotion, prevention, and comprehensive health environment monitoring and risk assessment among the communities through the application of mobile health (mHealth).

Programmes	Solution Orientation	Target Beneficiaries
Outpatient Primary Care	Early detection and case management in clinical settings	Any patient who has a medical reason to consult a doctor
Promotion of ICT based solutions (mHealth & EMR) for healthcare	Integrated electronic medical record system, multi-parameter vital signs monitoring and use of wireless mobile technology	Clinicians, health administrators, public health planners and patients from all age groups and socio-economic strata
Real-time Monitoring of Health Facilities	Organisation of data on a real time basis by live dashboard	Clinicians, health administrators, public health planners and patients from all age groups, sex and socio-economic strata
Early detection and prevention of Cervical Cancer	Screening through Papanicolaou smears	All women married for at least 3 years from the age group 21- 59; priority is given to women above 30 years of age
Early detection and prevention of Breast Cancer	Screening through clinical breast examination Financial grant to Women's Cancer Initiative - Tata Memorial Hospitals	All women from the age group 21-69 years; priority is given to women above 30 years of age
Management of Child Under-nutrition	Monthly health check-ups for children to screen for malnutrition. Nutrition counselling for caregivers of malnourished children	Children under-5 years age
Nutrition support to children of primary schools	Fund to The Akshaya Patra Foundation to provide mid-day meals	Children of Government schools
Nutrition support to cancer patients	Nutrition support to patients undergoing chemotherapy at Tata Memorial Hospital	Identify and support needy patients undergoing chemotherapy at Tata Memorial Hospital
Early detection and prevention of Oral Cancer	An mHealth approach to screen and treat precancerous oral lesions	Individuals above 18 years who consume tobacco, areca nut and alcohol
Oral Health	Provision of dental chair and dentist	Any patient who has a reason to consult a dentist

Programmes	Solution Orientation	Target Beneficiaries
Early detection and management of diet-related NCDs (Diabetes & Hypertension)	-Assessment of physiological risk factors of cardiovascular diseases & diabetes -Monthly health check-up by specialist -Psychosocial counselling by the health instructor	Patients with diabetes, hypertension and associated medical complications, including at risk population
Adolescent girl health education	Awareness and education on reproductive & sexual health and nutrition	Adolescent girls in Government High Schools of Karnataka
Mental health education and counselling	Integration of mental health with primary health care, eradication of stigmas, counselling, primary treatment and referral	Patients with any psychiatric symptoms and associated disabilities
Preventive health education	Activities on non-clinical life choices covering most of the aspects of health and its social determinants by Community Health Workers	Individuals from all the age groups, gender and socio-economic strata
Community safe drinking water	Community RO water plants installation and commissioning	Individuals from all age groups, gender and socio-economic strata
School safe drinking water	Installation of water filters to provide clean drinking water	Students of 15 Government Schools in and around Anekal, Bengaluru
Swachh Vidyalaya	Construction of toilets in schools	Children of Government Primary School, Government School & Junior College

(ii) Education: The Company persistently works on promotion of education among children of Government schools by providing content, infrastructure, computer systems and health education.

(a) Aata Paata Wadi- An afterschool enrichment programme on English and Phonics, Life Skills, Art and Craft, Digital Literacy and games for children of classes 1 to 7 at the Ashrama Residential School in Thithimati which is run by the State Social Welfare Department, is another initiative of the business.

(iii) Promoting gender equality and empowering women: The Company promotes gender equality and empowerment of women by providing support to local police stations by equipping them with electronic monitoring systems thereby increasing safety in the area.

		(iv) Environmental Sustainability: The Company promotes conservation of natural resources, improve the ecosystem to maintain quality of soil, air and water. (a) Hebbagodi Lake Rejuvenation: Hebbagodi Lake which is spread over 35 acres was severely polluted due to 5 sewage inlets from surrounding developments and 2 storm water inlets. Due to the company's relentless efforts, the lake water has been treated by Bio-remediation, Artificial Floating Wetlands and Aeration processes. A children's park and a RO Drinking Water plant have been set up at the periphery. (b) Yarandahalli Lake Rejuvenation: Detailed Project Report has been approved. (c) Kammasandra Lake Rejuvenation: Preliminary survey conducted. **(v) Heritage and Art & Culture:** The Company values promotion and restoration of national heritage, art and culture. (a) India Foundation for the Arts has been supported under our Grant-in-Aid initiative to encourage research and education in the arts and culture. (b) Restoration of the garden area at Cubbon Park after metro station construction is underway. **(vi) Technology Incubation:** The Company is keenly aware of the power of technology to transform the development indicators and therefore we provide grants to technology incubators which are approved by the Central Government. The Institute of Bioinformatics and Applied Biotechnology (IBAB) has been supported through Grant-in-Aid initiative to promote education, research and entrepreneurship in Biological Sciences. **(vii) Rural Development Initiatives:** (a) Construction of a School, Kyalasanahalli, Jigani TMC (b) Installation of RO Drinking Water plants to provide safe drinking water which is vital in rural areas.
8.2	Are the programmes/ projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organisation?	The CSR initiatives are primarily implemented in-house in close collaboration with local governments and grants are provided to Trusts/NGOs doing impactful and reliable work for the marginalized sections of the society.
8.3	Have you done any impact assessment of your initiative?	Assessment for the FY: • More than 63,714 registrations have been captured across 18 eLAJ Smart Clinics. These clinics have recorded over 1,64,215 patient visits. • About 2,713 beneficiaries treated for diet-related NCDs • More than 581 children screened for malnutrition and treated for communicable diseases • More than 584 women screened for Cervical and Breast Cancer • More than 2,119 individuals screened for Oral Cancer. About 28,030 beneficiaries reached through our outreach programmes for oral health and among them 6,804 were treated. For more details, please visit http://www.bioconfoundation.org/.
8.4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?	During FY19, Syngene contributed Rs. 63.34 Mn towards its CSR initiatives. For more details, please refer annexure 11 of Board's report.

8.5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Through employee engagement and the involvement of our CSR team, the community is made to participate from the time the need assessment is carried out. Based on the outcomes of the assessment, programmes are planned and implemented with community acceptance at every stage. Community awareness is included as part of all the programmes to make the initiatives meaningful and beneficial. With the feedback of the community and other stakeholders, the programme is reviewed and modified for larger impact and better results.
Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner		
9.1	What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	A customer complaints redressal system has been set up to effectively document and address any customer compliant in an efficient and timely manner. During the financial year, 06 customer complaints were received, out of which 02 (33%) were pending as on March 31, 2019.
9.2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes /No /N.A. /Remarks (additional information)	NA
9.3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as at the end of the financial year? If so, provide details thereof, in about 50 words or so.	None
9.4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Syngene provides scientific solutions to a global customer base of over 300 companies across various industry segments, including pharmaceuticals, biotechnology, nutrition, animal health, Agro chemicals, consumer products and others. It regularly interacts with its customers to obtain their valuable feedback on services and deliverables and thus update the product portfolio with innovative goods and services to meet the needs of a large customer base

Management Discussion and Analysis

RESEARCH AND DEVELOPMENT (R&D) ENVIRONMENT

The life science sector is second only to information and communication technology in terms of global R&D investments.

Life science R&D includes the development of pharmaceuticals, biotechnology products, agricultural products, medical instruments, animal testing and research and according to a 2019 Global R&D Forecast, total global life science R&D investments are expected to exceed USD 190 Billion (Bn) in 2019, up from USD 184.3 Bn in 2018, and more than double from USD 86 Bn in 2005.

Within the life science sector, Pharmaceutical and Biotechnology companies are the front-runners in total R&D investments. As per the World Pharma Review 2018, global R&D spend by these companies totalled USD 165 Bn in 2017, representing an increase of 3.9% on the previous year. Amid an environment of growing demand for next-generation therapies, R&D spends by pharmaceutical and biotech companies are forecast to grow at a steady CAGR of 3.1% between 2017 and 2024.

The life science sector continues to be challenged by issues of R&D productivity and pressure to maintain or improve the levels of return on capital invested. Life science companies are increasingly looking to find new and more efficient ways to bring their science forward including outsourcing and/or partnering their R&D activities. Under this outsourced model, companies gain access to a large talent pool, experienced R&D leadership, sophisticated technologies and world-class infrastructure and capabilities through partnerships and external collaborative agreements. This enables them to bring forward their own innovative R&D projects while accessing scale, scope and cost benefits that can help improve the return on their R&D investments. In addition, by externalising R&D activities clients can convert what would otherwise be extensive fixed cost investments into a variable cost, again helping client companies to improve balance sheet efficiency and to stay competitive. Pharmaceutical and biotechnology companies, in particular, view external innovation as an attractive proposition as it enables them to rapidly respond to changing priorities and demands within their own portfolios without the need to commit to long-term investments.

CONTRACT RESEARCH ORGANISATIONS (CRO) INDUSTRY

Integrated CROs, with their full suite of services across the discovery, development, and manufacturing stages of R&D, have emerged as the preferred solution providers to research-focussed organisations.

The global CRO market for drug discovery is forecast to grow at a CAGR of 7.37% between 2018 and 2025 and to reach an expected value of USD 6.8 Bn per year. The CRO market for preclinical trial services is expected to grow at an even faster rate of 8.31% CAGR during the same period, to reach an expected value of USD 6.6 Bn by 2025. Pharmaceutical companies are increasingly relying on CROs to provide them clinical trial services to maintain strict timelines and meet tight budget requirements. The global CRO market for clinical services is expected to grow at a CAGR of 6.30% during the forecast period, to reach an expected value of USD 41.2 Bn in 2025. (Source: Healthcare Contract Research Organisation (CRO) Market Analysis & Segment Forecast from 2014 to 2025).

Globally, there is a growing shift towards biologics (large molecules) from traditional small molecule. This is being driven by the commercial success of biologic drugs in the treatment of many serious and chronic illnesses such as rheumatoid arthritis, cancer, and diabetes. To give this perspective, the global biologics outsourcing market, comprising contract research and contract manufacturing, is expected to grow at a CAGR of 7.2% between 2017 and 2025, to reach USD 29.7 Bn, as per the latest Grand View Research Report.

The robust demand for research services across both small and large molecules offers considerable market opportunity for CROs. As per the Grand View Research Report, the global healthcare CRO market was valued at USD 32.9 Bn in 2017 and is expected to reach USD 54.6 Bn by 2025, growing at a CAGR of 6.66% between 2018 and 2025.

COMPANY OVERVIEW

Syngene is a global CRO providing discovery, development and manufacturing services for small and large molecules, antibody-drug conjugates (ADC) and oligonucleotides. The Company has been providing scientific services for 25 years and has active strategic partnerships with 331 clients across industries ranging from pharmaceutical, biotechnology, nutrition, agrochemicals, animal health, specialty chemicals and consumer goods.

Syngene's services are delivered by its talented workforce and backed by state-of-the-art infrastructure. Its competitive advantage stems from its customisable service portfolio, scientific expertise and history of consistently meeting global regulatory, quality and compliance standards. With a proven track record of improving R&D productivity and reducing time-to-market for clients' R&D projects, the Company is well positioned to capitalise on the growing opportunities in the CRO space.

Syngene's operations are classified under three business units: 1. Dedicated R&D Centres 2. Discovery Services 3. Development and Manufacturing Services.

Within the Dedicated R&D Centre business unit, the Company sets up customised R&D centres with dedicated infrastructure and scientific teams for a specific client. The Discovery Services business unit comprises chemistry, biology, toxicology and bioinformatics services for both small and large molecules. The Development and Manufacturing business unit encompasses services that support a project once it moves beyond *in-vivo* testing to preclinical studies and clinical development. It includes process development and manufacturing of molecules for clinical supplies, regulatory batches and initial commercialisation.

Operational Performance

Review of Business Units

Dedicated R&D Centres: During FY19, the Company's Dedicated R&D Centres gained from the extension of the multi-year agreement up to 2024 with Baxter Healthcare Corporation, a global healthcare company. In line with the revised agreement, a new laboratory was commissioned, and the strength of the scientific team supporting Baxter was increased. This dedicated R&D centre supports Baxter's global research teams in the discovery and development of medical products and devices, with a focus on product and analytical development and pre-clinical evaluation in parenteral nutrition and renal therapy.

The Company also operates Dedicated R&D Centres for the multinational pharmaceutical company Bristol-Myers Squibb (BMS), biotechnology giant Amgen Inc, and global nutrition company Herbalife. In line with the contract expansion and extension with BMS, Syngene commissioned a new research facility spread across 25,000 sq. ft. of laboratory and office space during the year. The Amgen dedicated centre houses around 75 Syngene scientists. The Company successfully completed the development and clinical supplies manufacturing of a drug product for Amgen. Amgen has submitted an Investigational New Drug (IND) application of this drug, with USFDA.

These collaborations and their renewal endorse our clients' growing confidence in relying on Syngene's scientific expertise across the drug-delivery continuum.

Discovery Services: This business unit grew impressively during the year, led by contract renewals, expansion of existing full-time equivalent (FTE) collaborations as well as new client wins. It added new capabilities in the large and small molecule space, including a yeast display platform for antibody discovery, sophisticated Immuno Oncology (IO) assays, CAR-T design and Proof of Concept (PoC) experiments, cassette dosing and micro sampling for pharmacokinetics (PK) studies, as well as niche disease models in animals. These investments in future-ready capabilities will enable the Company to be at the forefront of addressing emerging client needs.

The Company's research collaboration with GSK, signed in FY18, became operational during the year. As part of this agreement, Syngene's team of scientists works closely with GSK's global R&D team in accelerating drug discovery.

Syngene and Merck KGaA extended the collaboration for a period of three years, until 2022. This relationship spans more than two decades, during which the two companies have jointly worked on various discovery research projects in the areas of protein technology, molecular biology, cell science, antibody discovery and ADCs supporting both small and large molecules.

Syngene also signed an agreement with Artelo Biosciences Inc. to become their discovery and development partner for novel oncology drugs. This partnership will focus on supporting the clinical advancement of the client's new therapeutic class of anti-cancer medicine.

The Company also entered into a partnership with Zumutor Biologics to access their antibody engineering expertise and experience. The new scientific tools leveraged through this collaboration will enhance Syngene's capabilities in discovery biology and expand its therapeutic antibody discovery platforms.

The Discovery Services business unit also offers integrated bioinformatics services across the drug discovery pipeline to speed up the rate of innovation and reduce the risk of failure. This helps in translational R&D, predictive toxicology and pre-emptive target validations. During the year, the Company entered into a collaborative project with a French biotech company to develop and commercialise a novel cholestatic Drug Induced Liver Injury (DILI) prediction tool that enables better prediction of the toxic impact of the drug on the liver. Pharmaceutical companies will use this commercial service to accurately determine the effect and safety of their drug candidates on the liver.

Development and Manufacturing Services: This business unit registered a robust performance during the year. Development and clinical supplies manufacturing of drug products for multiple clients was completed during the year. The Company continues to invest in building new capabilities and the production capacity was ramped up with the installation of additional state-of-the-art equipment in the Good Manufacturing Practices (GMP) area. Additionally, the polymerisation facility was expanded to support the Performance Speciality Material (PSM) business of Chemical Development.

The Company's upcoming active pharmaceutical ingredient (API) manufacturing facility in Mangaluru will boost commercial-scale manufacturing capacities for small molecules. Construction activity commenced in December 2017 and is expected to be operational by the end of FY20.

Biologics Development and Manufacturing

Biologics service offerings at Syngene include early stage development (process, analytical, formulations), toxicology studies and early clinical supply, late stage development (process characterisation) and manufacturing (late phase and commercial batches). The segment expanded its process development capabilities by commissioning new high-end equipment including an AKTA Pilot chromatography system and an Automated Micro Bioreactor (AMBR), aligned to service the current and future requirements of clients. AKTA pilot 600 is a bench-top chromatography system with a wide flow and pressure range suitable for production of technical batches as well as small-scale production of GMP-grade material. AMBR is a cost effective, high throughput, automated bioreactor system for Predictive Cell Line and Media Screening.

The Biologics business unit established a National Centre for Advanced Protein Studies (CAPS) at its Bengaluru facility in collaboration with Biotechnology Industry Research Assistance Council (BIRAC), a Government of India agency. The CAPS facility aims to support start-ups and academia by providing them access to a world-class GLP certified facility at discounted rates. This has the potential to play a significant role in boosting the development of the biotechnology industry in India.

Other Business Highlights

The Company continues to invest in critical areas of leadership, quality, safety and operational efficiency for sustaining excellence in client services and growing the business profitably.

The Company recognises the importance of experienced leadership to drive sustained high performance.

The new role of Senior Vice President – Discovery Services, was created to further strengthen Syngene's position as an integrated scientific solutions provider. Dr. Kenneth Barr, a Ph.D. from the Massachusetts Institute of Technology with significant industry experience, was appointed in this role.

Alok Mehrotra, M.Tech - Chemical Technology, with diverse industry experience, was appointed as Chief Quality Officer to lead the Company's quality and compliance activities.

Quality is an integral aspect of our business operations. Revisions to the Quality Governance structure and implementation of electronic Quality Management System (QMS) tools were among the new initiatives undertaken during the year to reinforce adherence to the highest standards. In a significant regulatory development, Syngene successfully cleared a USFDA inspection of its formulations, stability and quality control units, this being the seventh successful USFDA review in the past four years.

The Company's viral testing facility received the ISO 9001:2015 certification in addition to renewal of various certifications during the year, including the GMP certification for its Formulations Centre from Karnataka Drugs Control Department, Government of Karnataka; GLP certification for the Large Molecule Bioanalytical laboratory from National GLP Compliance Monitoring Authority (NGCMA), Department of Science and Technology, Government of India; and the College of American Pathologists (CAP) certification for Syngene Central Laboratory.

The Company achieved improved operational efficiency at its facilities by the implementation of the globally recognised 5S methodology of effective workplace management. The use of 5S principles facilitates better organisation of workspace so that work can be performed efficiently and safely.

The Company commissioned Phase I of its upgraded S2 facility, which brings on board 105,000 sq. ft of space. When fully commissioned, S2 will add 1,65,000 sq. ft laboratory space to support future growth.

Syngene organised its first antibody symposium - INNO 2018. The Company was delighted to welcome world class speakers and participants from the industry and academia. This event was co-sponsored by business partners Amgen Inc. and Thermo Fisher Scientific.

Awards & Recognition

The Company was awarded the Bio-Excellence Award 2018 for the second consecutive year at the Bengaluru Tech Summit in the 'Bio-services – CRO/CRAMS' category for its outstanding contribution to the life sciences and biotechnology industry. This is its fifth Bio-Excellence award.

The Company was conferred the 'Best Leadership Development Program for Middle Management Award' by the Human Resources Development Management Committee of the World HRD Congress. The award recognises Syngene's proactive approach towards building leadership skills for its middle level managers.

Kavach, the Company's corporate safety initiative, and its organisation-wide focus on safety and sustainability helped it win the 'Safe Workplace Champion Award' at the 8th

Manufacturing Supply Chain Summit and Awards organised at Mumbai. The Manufacturing Supply Chain Awards recognises individuals and companies who have excelled in manufacturing, technology, innovation, safety and logistics.

The Company was also conferred with the FICCI CSR award for environment sustainability for its efforts to revive and restore the Hebbagodi Lake in Bengaluru and for making it a safe haven for the local community.

HUMAN RESOURCES

Syngene's employees are the backbone of the Company. It is their knowledge, scientific skills and innovative capabilities that enable Syngene to harness the power of science and serve its clients. During the year, 475 new employees joined the workforce, taking the total headcount to 4,619 as on March 31, 2019. Of the new recruits, 365 were scientists across multiple disciplines. To ensure that the workforce is aligned to the corporate goals, ethos and culture while matching the pace of change and scale of expanding operations, the Company invests extensively in staff training and development programmes across all levels of the organisation.

The Company maintains a strong focus on building technical capabilities and supports staff in their commitment to lifelong learning. Leadership development initiatives are widely implemented across the Company, with an emphasis on self-management, team leadership, communication excellence and alignment with global best practices and standards. Advanced Leadership and Beyond (LAB), the next level of the LAB leadership development programme, was introduced to build upon the foundation programme and to help many of the most senior and high potential staff build advanced leadership skills. The Syngene Training Academy (STA) is an ongoing programme to provide corporate induction, soft skills and technical skill training to new employees, especially those that are newly graduated and starting their careers as professional scientists. An organisation-wide training need analysis was conducted during the year to ensure that investments in training continue to meet the emerging needs of the Company. Regular workshops were carried out in the areas of IT, chemical development, process failure investigation, quality, six sigma and professional development, among others. As a leading science-based company, Syngene believes it is important to support the development of the next generation of scientific talent in India. Under its campus connect program, SAIL (Syngene Academia Industry Link), the Company sends its experienced scientists out to share their experiences and knowledge gained as professional scientists by visiting academic campuses across the country. During the year, this programme was expanded and now covers 30% more colleges and universities.

Syngene recognises that an inclusive culture – one that promotes diversity, ethics and integrity is crucial. During the year, through focus on gender diversity, the Company increased the percentage of women in the workforce to 21.4%, up by 1.4% from the previous year.

Kavach, the Company's corporate safety initiative, is aimed at bringing about a cultural and operational change that places safety at the centre of all its activities. As part of this initiative, more than 19,222 manhours of training on safety and compliance was provided in the year. This was targeted at fostering a culture of safety and preparedness. During the year, the Company achieved 2 million safe manhours of operation at its construction site in Mangaluru with zero loss time injuries.

FINANCIAL PERFORMANCE

Analysis of the Consolidated Statement of Profit and Loss

The following table details key components of the Statement of Profit and Loss for the financial years 2019 and 2018.

(Rs. in Mn)

Particulars	FY19	FY18	Change
Total revenue	19,007	14,849	28%
Expenses:			
Cost of chemicals, reagents and consumables consumed	5,313	3,817	39%
Employee benefits expense	4,727	3,796	25%
Foreign exchange fluctuation	19	(739)	(103%)
Other expenses	2,829	2,709	4%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**6,119**	**5,266**	**16%**
Depreciation and amortisation expense	1,642	1,314	25%
Finance costs	323	227	42%
Profit before tax	**4,154**	**3,725**	**12%**
Tax expense	838	671	25%
Profit for the year	**3,316**	**3,054**	**9%**
Other comprehensive income	(702)	87	(807%)
Total comprehensive income for the year	**2,614**	**3,141**	**(17%)**

Revenue

During FY19 the Company saw a 28% growth in revenue to Rs. 19,007 Mn from Rs. 14,849 Mn in FY18 The strong performance was driven by a broad-based growth across all business units, with improved traction in Discovery Services and Dedicated R&D Centres.

Profitability

The Company's Earnings Before Interest Taxes Depreciation and Amortisation (EBITDA) in FY19 grew by 16% to Rs. 6,119 Mn compared to Rs. 5,266 Mn in FY18. Profit After Tax (PAT) grew by 9% to Rs. 3,316 Mn, as against Rs. 3,054 Mn in FY18. However, EBITDA and PAT as a percent of revenue declined by 327 and 312 basis points respectively to 32% and 17% respectively. EBITDA was impacted by higher material cost and absence of forex gain realised in FY18. PAT was further marginally impacted by increase in effective tax rate on account of unwinding of the SEZ tax holiday benefits in some parts of the business. The Company's diluted earnings per share increased to Rs. 16.72 in FY19 as against Rs. 15.43 in FY18.

Cost of chemicals, reagents and consumables consumed

The cost of materials consumed in FY19 increased by 39% to Rs. 5,313 Mn, accounting for 28% of overall expenses. Material costs as a percent of overall revenue increased marginally by 225 basis points to 28%, driven by change in the revenue mix and one-time pass-through of approximately Rs. 400 Mn recorded in the first quarter of the year.

Employee benefits expense

The employee costs for the year increased by 25% to Rs. 4,727 Mn owing to a rise in headcount and an average 10% increment in annual salaries. The higher headcount is attributable to the increased investment in business development as well as increased hiring of talent across research and development operations. As a percentage of revenue, employee costs for the year remained at 25% and was marginally lower than the previous year's average of 26%.

Foreign exchange fluctuation

The Company incurred an exchange loss of Rs. 19 Mn during FY19 as against an exchange gain of Rs. 739 Mn in the previous year, when hedged rates were above by Rs. 3.50 per USD to the then prevailing market rates of Rs. 65 to a USD. In FY19, the hedge rates were largely in line with the average prevailing market rates at Rs. 69 per USD.

Other expenses

The Company's other expenses comprise power and fuel costs, professional fees, selling expenses such as freight outwards, provision for doubtful debts and other general overheads. Other expenses at Rs. 2,829 Mn in FY19 reflects an increase by 8%, excluding one-off asset charge recorded in previous year of Rs. 90 Mn. The increase in other expenses were mainly driven by higher investment towards safety, compliance and business development.

Depreciation and Amortisation

Depreciation and amortisation increased to Rs. 1,642 Mn from Rs. 1,314 Mn in FY18. This reflects the additional depreciation on the new investments in research laboratories and the state-of-the-art biologics plant.

Finance costs

The Finance costs increased by 42% to Rs. 323 Mn in FY19 compared to Rs. 227 Mn in FY18, with the average cost of debt being maintained at 3% p.a. The increase in finance costs is linked with increase in short term borrowings and LIBOR.

Tax expenses

Tax expenses for the year stood at Rs. 838 Mn in FY19 in comparison to Rs. 671 Mn in FY18. The increase in effective tax rate in FY19 is primarily due to the unwinding of the SEZ tax holiday benefits in some parts of the business.

Other comprehensive income

Other comprehensive income includes re-measurement gains/losses on defined benefit plans, gains/losses on hedging instruments designated as cash flow hedges. The decrease is primarily due to lower gains on hedging instruments in FY19 compared to the previous year.

Analysis of the Consolidated Balance Sheet

The following table exhibits the Company's balance sheet as on 31 March 2019, and 31 March 2018:

(Rs. in Mn)

Particulars	March 31, 2019	March 31, 2018	Change
ASSETS			
Non-current assets			
Tangible and intangible assets	16,505	11,858	39%
Financial assets	885	1,159	(24%)
Deferred tax assets (net)	915	724	26%
Income tax assets (net)	629	506	24%
Other non-current assets	460	441	4%
	19,394	**14,668**	**32%**
Current assets			
Inventories	434	860	(50%)
Financial assets	16,545	15,716	5%
Other current assets	662	626	6%
	17,641	**17,202**	**3%**
Total	**37,035**	**31,890**	**16%**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2,000	2,000	-
Other equity	17,684	15,204	16%
	19,684	**17,204**	**14%**
Non-current liabilities			
Financial liabilities	3,913	5,973	(34%)
Provisions	374	290	29%
Other non-current liabilities	1,778	587	203%
	6,065	**6,850**	**(11%)**
Current liabilities			
Financial liabilities	7,679	4,876	57%
Provisions	210	135	56%
Income tax liabilities (net)	158	128	23%
Other current liabilities	3,239	2,697	20%
	11,286	**7,836**	**44%**
Total	**37,035**	**31,890**	**16%**

Non-current assets

During FY19, non-current assets grew by 32% primarily due to:

- investments in the new Syngene Research Centre, the upcoming commercial manufacturing plant in Mangaluru facility, reinstatement of S2 research centre and expansion of facilities across the discovery, development and manufacturing business units.
- Minimum Alternate Tax (MAT) entitlement credits arising on account of tax holiday benefits enjoyed by the Company and other deferred tax items that reverse in subsequent years.
- tax appeal deposits made by the Company contesting the denial of tax holiday benefits by assessing authorities.

Working Capital (Current assets, less current liabilities)

Working capital decreased to Rs. 6,355 Mn in FY19 from Rs. 9,366 Mn in FY18. The movement is on account of:

- USD 37.5 Mn External Commercial Borrowing (ECB) loan repayment due in March 2020 being classified under other financial liabilities;
- increase in short term borrowings availed to meet working capital requirements; and
- reduction in inventories.

Other current liabilities primarily include advance from clients that are expected to be recognised as revenue within next twelve months through performance of remaining obligations.

Equity share capital

The Company's equity share capital comprises 200 Mn equity shares of Rs. 10 /- each.

Other equity

Other equity majorly comprises of share premium, retained earnings, cash flow hedging reserves and other reserves. The total reserves and surplus of the Company increased by 16% in FY19 as compared to FY18, as a result of accumulation of profits earned during the year.

The Company's average return on the net worth as on 31 March 2019, stood at 18% as compared to 19% as on 31 March 2018.

Non-current liabilities:

Non-current liabilities mainly include:

- Long-term borrowings in the form of External Commercial Borrowing (ECB) facility of USD 100 Mn availed for capital expenditure at Bengaluru and Mangaluru premises of the Company. Of the total USD 100 Mn drawn in March 2016, USD 12.5 Mn was repaid in March 2019, USD 37.5 Mn due for repayment in March 2020 and classified under Other financial liabilities and USD 50 Mn due for repayment in March 2021 and is classified under Non-current financial liabilities.
- Deferred revenues relating to Assets funded by customers that are to be amortised over the useful life of the assets/ period of contract to Other operating Income.
- The debt: equity ratio of the Company as on 31 March 2019, improved to 0.41 as compared to 0.46 as on 31 March 2018.

It may be noted that considering Investments in Inter-corporate deposits with financial institutions, deposits with banks, cash and cash equivalents and investments in liquid funds the Company is net cash positive as of 31 March 2019.

Contingent liabilities

Contingent liabilities include tax and other proceedings that arise from time to time in the ordinary course of business. Contingent liabilities stood at Rs. 3,357 Mn as at 31 March 2019 in comparison with Rs. 2,383 Mn as at 31 March 2018. Of the above, proceedings under Income tax matters comprise Rs. 3,330 Mn disputing the Company's claim of tax benefits under 10B and 10AA relating to financial year 2002 – 03 to 2015 – 16 pending before various appellate authorities.

RISKS AND CONCERNS

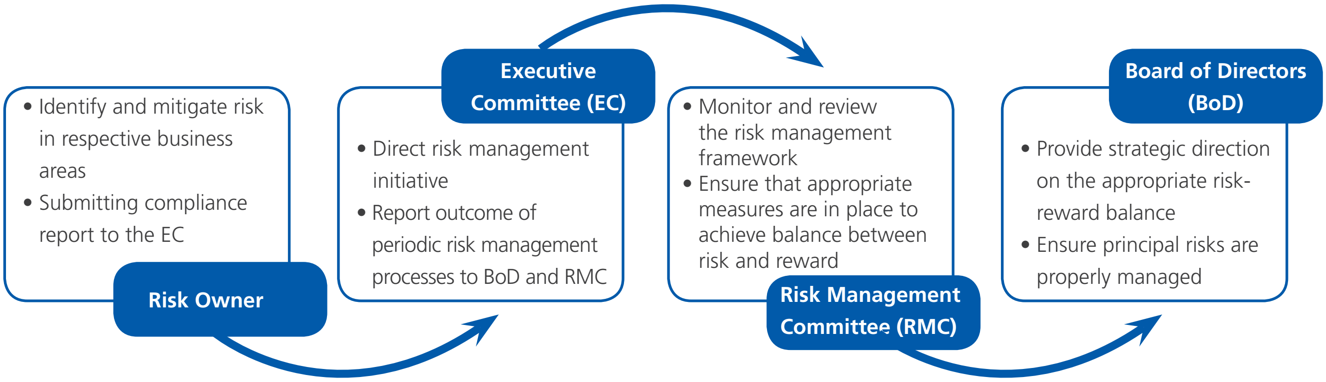
Syngene recognises that risk is integral to the business and risk management is thus focused towards ensuring that these risks are known and addressed through a pragmatic and effective risk management process and that there is a cadence for identifying and dealing with emerging risks. The Company strives to achieve a balance between risk and reward with the aim of ensuring long-term business sustainability, while operating within an approved risk framework. Any rising trend in risk is immediately brought to Management's attention and necessary actions are taken.

Process, roles and responsibilities

Syngene has a risk management framework to identify, monitor, report and manage risk across the business. The risk owners identify, manage and report risks relevant to the business. These risks are aggregated and documented in a corporate risk register by the Risk Manager to provide the Board and Management a comprehensive overview of the Company's risk profile.

A detailed analysis of these risks is carried out to identify the potential impact on the business and the probability of occurrence. These risks are then addressed with appropriate control measures to either terminate, transfer or reduce the risk.

The Company's Executive Committee (EC) regularly reviews the risks and the mitigation plans and at least once every year reviews this with the Risk Management Committee. The Risk Management Committee periodically reviews the risk management framework and ensures that the Company is taking the appropriate measures to achieve prudent balance between risk and reward. The Risk Manager is responsible for aiding business functions to identify, assess, prioritise and mitigate risks, maintaining the consolidated risk register and ensuring that the reporting process is working effectively.



Risk management process

Risk identification → **Risk assessment** → **Risk analysis and rating** → **Risk response** → **Monitoring and reporting**

Risk profiling

Risk	Potential impact	Mitigation	Trend
Financial Risk			
Foreign exchange risk Majority of the Company's revenues and operating and capital expenses are denominated in US dollars, making it vulnerable to fluctuations in exchange rate.	Adverse movement in exchange rate could cause financial loss and impact the Company's operations, financial position, liquidity and solvency.	The Company has a forex hedging policy which minimises the risks associated with fluctuation of currency. Continuous monitoring ensures higher effectiveness.	↔
Credit risk The Company provides scientific services to various clients on credit. Any delinquency in payment by the client has financial implications.	Delays in payments by the client could impact cash flows/ working capital and non-receipt of payment from clients could impact the overall profitability.	The Company has a credit policy designed to minimise risk associated with providing credit to clients. Typically, the total exposure is based on the risk profile of the client and effective controls are in place to ensure that credit exposure to individual clients are within the terms of the credit policy.	↓
Operational Risk			
Business development risk The Company's business growth requires addition of new clients and enhancement of engagement with the existing ones.	Inability to add more clients and enhance business can cause opportunity loss, leading to business stagnation and decline in return on investment from assets.	The Company is increasing its investments in building a strong commercial organisation to target new clients and strengthen the engagement with existing clients.	↔

Risk	Potential impact	Mitigation	Trend
Capacity risk The Company's growing business necessitates it to make capex towards realigning and adding new capacities.	Inability to add capacities would hinder the Company's capacity to service new and existing clients. This may cause loss of reputation and hinder growth.	The Company has judiciously invested in expanding capacities and setting-up additional laboratories to meet the increasing demand and support growth in line with the strategic plan. The Company also maintains a good credit rating enabling it to have easy access to external capital to meet its funding requirements.	↔
Information Technology risk Contract research involves working on novel technologies, making data confidentiality and security held in digital form critical. This data is prone to cyberattacks and security breaches.	Failure to protect data may adversely affect the value of services provided to the client and damage reputation and business integrity of the Company impacting its business growth and revenues. Breach of confidentiality clauses may also lead to legal and regulatory issues.	The Company has employed extensive IT security systems and controls across all processes. These systems are regularly evaluated and upgraded to address new emerging threat scenarios. A Disaster Recovery Plan for IT infrastructure is also in place to restore critical data in the event of data loss due to unforeseen circumstances.	↓
Quality risks Inadequate design of the Quality Management Systems and inadequate oversight of GXP operations could lead to non-compliance. Lack of trained manpower, poor systems and performance failures.	Non-compliance to regulatory requirements could lead to failure of audits and result in product liability claims. This can cause bad publicity, damage reputation of the Company impacting its business growth and revenues.	The Company has ramped up investments in people, systems and infrastructure to strengthen the Quality Management framework. There is constant focus to upgrade the Quality Management Systems through investments in digitised solutions. Periodic audits (internal and external) are conducted to review compliance with regulatory requirements.	↔
Health and safety risks The nature of the Company's business may cause significant injury to employees or loss of infrastructure in case of non-adherence to health and safety standards.	Inability to prevent injuries or loss can have severe impact on the Company's reputation and lead to revenue losses.	The Company has launched 'Kavach', a corporate safety initiative, with the aim at institutionalising a strong culture of safety among all employees and ensuring it has the right safety systems and processes in place. Several safety measures have been initiated, including, increased investment in fire prevention and firefighting infrastructure.	↔
Business interruption/service disruption risk The Company's operations are prone to risks from natural calamities and human errors.	Natural calamities and human errors can cause heavy losses to the Company, in terms of loss due to damage to lives and properties and revenue loss due to its capacity becoming non-operational.	The Company has a Business Continuity Plan in place, which can be invoked to ensure that critical services are resumed within a reasonable timeline during a business disruption. The Company also has an all risk industrial insurance policy to cover for replacements of assets and business interruption.	↓

Risk	Potential impact	Mitigation	Trend
Strategic Risk			
Political risk The Company's operations are vulnerable to change in policies due to protectionist measures, and changes in government regulations and outsourcing policies which may impact client's outsourcing plans.	Change in policies can lead to loss of business, impacting growth and expansion.	The Company, having majority of its clients based in the US, is actively exploring business opportunities in other countries to reduce reliance on a particular region.	↔
Client funding risk The Company's business activities require funding by the clients which depends on their ability to invest and willingness to outsource. A slowdown due to perceived lack of outcome can deter such outlays.	Lower funding by the clients impacts demand and Company growth prospects.	The Company is focused on strengthening its competitive positioning in the industry by continuing to invest in technologies and people. With a focus on providing services at a competitive price and a strong focus on productivity, quality and on time delivery, the Company is well positioned to attract more customers and funding.	↔
Client concentration, consolidation risk The top 10 clients contribute a significant proportion to the total revenue.	Business loss from one of the top 10 clients can significantly bring down revenues and impact the Company's operations, financial stability and future growth prospects. Inability to retain clients or get more business from them may cause loss of business.	The Company has long- term contracts with some of its top clients thereby ensuring business continuity over a longer term. The Company is also continuously investing in its business development activities with focus on diversifying the client base across multiple industries and optimising business portfolio. There is also focus on widening the scope of engagement with existing clients covering newer services.	↔
Regulatory & Compliance Risk			
Regulatory risk The Company's clientele includes companies engaged in highly regulated industries, making compliance issues of utmost importance.	Inability of the Company to follow regulatory requirement may lead to termination of contracts, disqualification of data and loss of clients. Besides causing loss of reputation it may lead to financial loss from criminal penalties and litigation by affected parties.	The Company has a credible track record of adhering to regulatory norms. It has successfully completed regulatory and compliance audits and maintains a continued commitment to achieve the highest standards of quality and compliance. In recent years, the Company has ramped up its investment in quality and compliance and introduced digitisation through e-solutions.	↔

Risk	Potential impact	Mitigation	Trend
Compliance risk Failure of the Company to meet stakeholders' expectations in terms of complying with environmental and regulatory standards and quality policies or engaging in malpractices can impact its goodwill.	Loss of reputation erodes client confidence, which in turn has adverse impact on revenues and market capitalisation as stakeholders react negatively to the Company's actions.	Ethics and integrity form an integral element of the Company's Code of Conduct. The Code guides the actions of employees to be consistent with Company values. All employees are directed to maintain the highest standards of integrity in business dealings and operations. Online training on Code of Conduct is also made mandatory to increase employee awareness. The operating effectiveness of the controls defined in the Internal Control Framework of the Company is evaluated on a periodic basis. This helps to prevent/detect risks associated with malpractices. The Company follows a zero-tolerance policy for any act of gross misconduct.	↔
People Risk			
Manpower risk The Company requires high calibre scientific talent, capable of performing cutting-edge research to deliver innovative and effective solutions to the clients. These skills sets are in short supply.	Inability to attract and retain high calibre individuals in key roles, can lead to decline in quality of services and time overruns, causing loss of reputation and hinder operational expansion and future growth plans.	The Company proactively invests in talent development to grow employee skills. Strong emphasis is laid on performance management. Short and long-term incentives have been restructured to attract, retain and reward key employees. The Company is also focused on building its reputation as an attractive employer.	↔

MANAGEMENT OUTLOOK

The drive towards outsourcing of R&D is amply evident across the life science industry. The outsourcing model works best when the partners work together in an inclusive manner to achieve the best outcome. The Company's growing scientific talent pool, robust infrastructure and deep expertise underpin its value proposition as a strategic collaborative partner for accelerating innovation, while reducing costs.

During FY19, we invested a total of Rs. 5,909 Mn (~USD 85 Mn) towards various ongoing capex programmes, taking our total investment and fixed assets to around Rs. 24,447 Mn (~USD 350 Mn). With these capex investments, our depreciation for the year increased by 25% from Rs. 1,314 Mn in FY18 to Rs. 1,642 Mn. We aim to continue investing in capex in the next two years to take our total asset base to Rs. 38,500 Mn (~USD 550 Mn) by the end of FY21.

INTERNAL CONTROLS

A robust internal control mechanism is a prerequisite to ensure that an organisation functions ethically, complies with all legal and regulatory requirements and observes the generally accepted principles of good corporate governance. It is an extension of the overall corporate risk management framework and is an integral part of the accounting and financial reporting process.

Syngene's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The control mechanism provides for well documented policies/guidelines, authorisations and approval procedures to ensure the orderly and efficient conduct of its business. This includes adherence to Company's policies, safeguarding of its assets, the prevention and detection of frauds and errors, ensuring the accuracy and completeness of the accounting records and the timely preparation and presentation of reliable financial information. The Company believes that its experienced and qualified employees play a key role in fostering an environment in which controls, assurance, accountability and ethical behaviour are accorded high importance.

The Management has engaged an external auditor to conduct reviews on a periodic basis. The auditors provide an objective view and reassurance of the internal controls and simultaneously audit the transactions. They report directly to the Audit Committee of the Board, which ensures process independence. The Audit Committee, comprising of Independent Directors, reviews the adequacy and efficacy of the internal controls.

Cautionary Statement

The Management of Syngene has prepared and is responsible for the financial statements that appear in this report. These statements conform to the accounting principles generally accepted in India and include amounts based on informed judgments and estimates. Syngene's projections, estimates and expectations described in this report should be interpreted as 'forward-looking statements' that can be impacted by various internal and external risks. Risks associated with market, strategy, technology, operations and stakeholders can significantly impact the business and the actual results may differ substantially or materially from those expressed or implied.

Independent Auditor's Report

To the Members of Syngene International Limited

Report on the Audit of the Standalone Indian Accounting Standards ('Ind AS') Financial Statements

Opinion

We have audited the Standalone Ind AS Financial Statements of Syngene International Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Financial instruments – Hedge accounting

[Refer Note 2(a) and 28 to the Standalone Ind AS Financial Statements]

The Key Audit Matter

The Company enters into forward, option and interest rate swap contracts to hedge its foreign exchange and interest rate risks. Foreign exchange risks arise from sales to customers as substantial part of its revenues are denominated in foreign currency with most of the costs denominated in Indian Rupees (INR). The interest rate risks arises from the variable rate of interest on its foreign currency borrowings.

The Company designates a substantial portion of its derivatives as cash flow hedges of highly probable forecasted transactions. Derivative financial instruments are recognized at their fair value as of balance sheet date on the basis of valuation report obtained from third party specialists. Basis such valuations, effective portion of derivative movements are recognized within equity.

These matters are of importance to our audit due to complexity in the valuation of derivative contracts and complex accounting and documentation requirements under Ind AS 109: Financial Instruments.

How the matter was addressed in our audit

With the support of our internal valuation specialists, we assessed the fair value of the derivatives by testing sample contracts. We also analyzed critical terms (such as nominal amount, maturity and underlying) of the hedging instrument and the hedged item to ensure that they are closely aligned.

Taxation

[Refer Note 2(l), 30 and 31 to the Standalone Ind AS Financial Statements]

The Key Audit Matter

The Company's operations are majorly based out of units registered as Special Economic Zone (SEZ) and Export Oriented Unit (EOU). Accordingly, the Company enjoys certain deductions/benefits with respect to payment of income-tax and other indirect taxes, some of which are subject matters of dispute with tax authorities. The Company periodically reviews its tax positions, which include reviews by the external tax consultant and tax counsels appointed by the Company. Where the amount of tax liabilities is uncertain, the Company recognises accruals/contingent liability that reflect Management's best estimate of the outcome based on the facts. Thus there is a risk that accruals/contingent liability for tax is not accounted properly.

The Company has significant amount of deferred tax assets primarily comprising of Minimum Alternate Tax ('MAT') entitlement credits on account of tax holiday benefits enjoyed by the Company, which would expire over a period of 15 years as stipulated under present income tax law. Assessment of recoverability of such MAT credits require management to prepare forecasts for future profitability and potential tax liabilities, which involves significant judgment and accordingly is an area of focus for us.

How the matter was addressed in our audit

In conjunction with our tax specialists, we have evaluated Management's judgments with respect to the litigated tax matters in order to assess the adequacy of the tax provisions and contingent liability.

With respect to MAT, our audit procedures included assessing the revenue and profit forecast against the historical performance and reviewing management's plans with respect to new undertakings being setup having tax holiday benefits. We also assessed the sensitivity of key assumptions including the growth rate and the impact of tax holiday benefit for future years on the ability to utilize the MAT credits.

Impact on adoption of new revenue standard - Ind AS 115

[Refer Note 2(j) and 18 to the Standalone Ind AS Financial Statements]

The Key Audit Matter

The Company has adopted Ind AS 115 - *Revenue from Contracts with Customers (Ind AS 115)* which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit.

Ind AS 115 is effective for the year beginning April 01, 2018 and establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price, appropriateness of the basis used to measure revenue recognized over a period or at a point in time. Revenue is recognized when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Company evaluated these principles for all its revenue streams, to determine the distinct performance obligations within its customer contracts and timing of revenue recognition which involved judgement.

Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

How the matter was addressed in our audit

We evaluated the design and implementation of the processes and internal controls relating to implementation of the new revenue accounting standard. We also reviewed the analysis performed by Management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams.

Information Other than the Standalone Ind AS Financial Statements and Auditor's Report thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises of Management Reports such as Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report (but does not include the Standalone Ind AS Financial Statements and our Auditor's Report thereon) which we obtained prior to the date of this Auditor's Report, and the remaining reports, which is expected to be made available to us after that date.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this Auditor's Report, 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.

When we read the other sections of Annual Report (other than those mentioned above), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS Financial Statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the Standalone Ind AS 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Standalone Ind AS 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 management

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Standalone Ind AS 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 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act; and

(f) With respect to the adequacy of the internal financial controls with reference to Standalone Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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, in our opinion and to the best of our information and according to the explanations given to us:

(a) The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its Standalone Ind AS Financial Statements - Refer Note 31(i)(a) to the Standalone Ind AS Financial Statements;

(b) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 28 to the Standalone Ind AS Financial Statements;

(c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

(d) The disclosures in the Standalone Ind AS Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these Standalone Ind AS Financial Statements since they do not pertain to the financial year ended 31 March 2019.

With respect to the matter to be included in the Auditor's Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: 24 April 2019

Annexure A to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements for the year ended 31 March 2019, we report the following:

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

(b) The Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deeds for immovable properties are held in the name of the Company.

(ii) Inventories apart from goods in transit have been physically verified by the Management at reasonable intervals during the year and the discrepancies noticed on such verification between the physical stock and book records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2016 ("the Order") are not applicable to the Company and hence not commented upon.

(iv) According to the information and explanations given to us, there are no loans, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable. However, the Company has complied with the provisions of section 186 of the Act, with respect to investments made.

(v) According to information and explanations given to us, the Company has not accepted any deposits. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended, prescribed by the Central Government under Section 148 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of such records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Employees' State Insurance, Income-tax, Goods and Services tax, duty of customs and other material statutory dues have been regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales tax, duty of excise and cess. However, regarding the deposit of provident fund dues, there have been delays due to timely availability of Universal Account Number/ Aadhar Number in respect of certain employees.

According to the information and explanations given to us, no undisputed amounts payable in respect of Employees' State Insurance, Income-tax, Goods and Services tax, duty of customs and other material statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable. However, provident fund dues aggregating to INR 49,516 for the period of April 2018 to September 2018 were outstanding for more than six months as at 31 March 2019 due to delays in availability of Universal Account Number / Aadhar Number in respect of certain employees.

(b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, value added tax, service tax, duty of customs, duty of excise, goods and services tax which have not been deposited with the appropriate authorities on account of any disputes, other than mentioned below:

Name of the statute	Nature of dues	Amount disputed (INR in million)	Amount paid under protest (INR in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	716	-	2002 - 03 to 2008 - 09	High Court of Karnataka
Income Tax Act, 1961	Income Tax	2,611	538	2009 - 10 to 2015 - 16	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax (including interest)	9	1	2004 - 05, 2006 - 07, 2015 - 16, 2016 - 17	Customs, Excise and Service Tax Appellate Tribunal

(viii) In our opinion and according to the information and explanations given to us, the Company does not have defaults existing as at the balance sheet date in repayment of borrowings to banks. The Company did not have any borrowings during the year by way of debentures, loans from financial institutions or loan from the Government.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, no monies were raised, during the year, by the Company by way of initial public issue or further public offer (including debt instruments) and term loans.

(x) According to the information and explanations given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with it. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: 24 April 2019

Annexure B to the Independent Auditor's Report on the Standalone Ind AS Financial Statements of Syngene International Limited for the year ended 31 March 2019

Report on the Internal Financial Controls with reference to the aforesaid Standalone Ind AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

Opinion

We have audited the internal financial controls with reference to Standalone Ind AS Financial Statements of Syngene International Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Standalone Ind AS Financial Statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to Standalone Ind AS Financial Statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Standalone Ind AS Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Standalone Ind AS Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Ind AS Financial Statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to Standalone Ind AS Financial Statements

A company's internal financial controls with reference to Standalone Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Standalone Ind AS Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Ind AS Financial Statements

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: 24 April 2019

Balance Sheet

as at 31 March 2019

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Note	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3 (a)	13,227	10,121
Capital work-in-progress	3 (a)	2,737	1,554
Investment property	3 (b)	400	-
Intangible assets	4	141	183
Financial assets			
(i) Investments	5(a)	3	3
(ii) Derivative assets		677	1,078
(iii) Other financial assets	6(a)	208	81
Deferred tax assets (net)	7	915	724
Income tax assets (net)		629	506
Other non-current assets	8(a)	460	441
Total non-current assets		**19,397**	**14,691**
Current assets			
Inventories	9	434	860
Financial assets			
(i) Investments	5(b)	7,160	1,577
(ii) Trade receivables	10	3,387	2,668
(iii) Cash and cash equivalents	11(a)	1,637	2,518
(iv) Bank balances other than (iii) above	11(b)	2,717	7,147
(v) Derivative assets		699	886
(vi) Other financial assets	6(b)	930	911
Other current assets	8(b)	662	626
Total current assets		**17,626**	**17,193**
Total assets		**37,023**	**31,884**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12 (a)	2,000	2,000
Other equity	12 (b)	17,672	15,201
Total equity		**19,672**	**17,201**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	13(a)	3,617	5,855
(ii) Derivative liabilities		296	118
Provisions	14(a)	374	290
Other non-current liabilities	15(a)	1,778	587
Total non-current liabilities		**6,065**	**6,850**
Current liabilities			
Financial liabilities			
(i) Borrowings	13(b)	1,907	781
(ii) Trade payables	16		
Total outstanding dues of micro and small enterprises		142	30
Total outstanding dues of creditors other than micro and small enterprises		2,093	2,004
(iii) Derivative liabilities		97	13
(iv) Other financial liabilities	17	3,440	2,047
Provisions	14(b)	210	135
Income tax liabilities (net)		158	127
Other current liabilities	15(b)	3,239	2,696
Total current liabilities		**11,286**	**7,833**
Total equity and liabilities		**37,023**	**31,884**

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Chennai
April 24, 2019

for and on behalf of **Board of Directors of Syngene International Limited**

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 24, 2019

Statement of Profit and Loss
for the year ended 31 March 2019

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
INCOME			
Revenue from operations	18	18,256	14,231
Other income	19	751	618
Total income		**19,007**	**14,849**
EXPENSES			
Cost of chemicals, reagents and consumables consumed	20	5,053	3,952
Changes in inventories of finished goods and work-in-progress	21	260	(135)
Employee benefits expense	22	4,654	3,769
Finance costs	23	323	227
Depreciation and amortisation expense	24	1,642	1,314
Other expenses	25	2,914	2,740
Foreign exchange fluctuation (gain)/loss, net		19	(739)
Total expenses		**14,865**	**11,128**
Profit before tax and exceptional item		4,142	3,721
Exceptional item	34	-	-
Profit before tax		**4,142**	**3,721**
Tax expense	30		
Current tax		864	793
Deferred tax			
MAT credit entitlement		(44)	(182)
Other deferred tax		15	59
Total tax expense		**835**	**670**
Profit for the year		**3,307**	**3,051**
Other comprehensive income			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans		(45)	(10)
Income tax effect		11	2
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(819)	133
Income tax effect		151	(38)
Other comprehensive income for the year, net of taxes		**(702)**	**87**
Total comprehensive income for the year		**2,605**	**3,138**
Earnings per equity share	36		
Basic (in Rs)		16.72	15.46
Diluted (in Rs)		16.67	15.41

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

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Bengaluru
April 24, 2019

Statement of Cash Flows

for the year ended 31 March 2019

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

		Year ended 31 March 2019	Year ended 31 March 2018
I	**Cash flows from operating activities**		
	Profit for the year	3,307	3,051
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation expense	1,642	1,314
	Loss on assets scrapped	-	90
	Provision for doubtful receivables	(11)	32
	Bad debts written off	10	4
	Share based compensation expense	88	125
	Interest expense	299	227
	Unrealised foreign exchange loss	13	16
	Dividend income on current investments	-	(25)
	Net gain on sale of current investments	(44)	(294)
	Net gain on current investments measured at fair value through profit or loss	-	(55)
	Proceeds from insurance company	-	615
	Interest income	(707)	(238)
	Tax expenses	835	670
	Operating profit before working capital changes	**5,432**	**5,532**
	Movements in working capital		
	Decrease/ (increase) in inventories	426	(538)
	Decrease/ (increase) in trade receivables	(704)	(735)
	Decrease/ (increase) in other assets	(126)	(227)
	Increase/ (decrease) in trade payables, other liabilities and provisions	2,227	1,232
	Cash generated from operations	**7,255**	**5,264**
	Income taxes paid (net of refunds)	(957)	(808)
	Net cash flow generated from operating activities	**6,298**	**4,456**
II	**Cash flows from investing activities**		
	Purchase of tangible assets	(5,815)	(3,566)
	Purchase of intangible assets	(18)	(71)
	Purchase of investment property	(76)	-
	Investment in bank deposits and inter corporate deposits	(12,987)	(9,148)
	Redemption/ maturity of bank deposits and inter corporate deposits	10,817	4,929
	Dividend received	-	25
	Interest received	553	162
	Non-current investment in a subsidiary	-	(3)
	Proceeds from sale of current investments	8,876	13,628
	Purchase of current investments	(7,815)	(9,452)
	Net cash flow used in investing activities	**(6,465)**	**(3,496)**

Statement of Cash Flows

for the year ended 31 March 2019

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

		Year ended 31 March 2019	Year ended 31 March 2018
III	**Cash flows from financing activities**		
	Proceeds from exercise of share options	19	48
	Proceeds/(repayment) from long term borrowings	(1,291)	(193)
	Proceeds/ (repayments) from short term borrowings, net	1,088	(174)
	Dividend paid on equity shares including tax thereon	(241)	(241)
	Interest paid	(299)	(227)
	Net cash flow used in financing activities	**(724)**	**(787)**
IV	**Net increase/(decrease) in cash and cash equivalents (I+II+III)**	**(891)**	**173**
V	**Effect of exchange difference on cash and cash equivalents held in foreign currency**	10	-
VI	**Cash and cash equivalents at the beginning of the year**	2,518	2,345
VII	**Cash and cash equivalents at the end of the year (IV+V+VI)**	**1,637**	**2,518**
	Components of cash and cash equivalents as at the end of the year		
	Cash on hand	-	-
	Balances with banks	1,637	1,468
	Deposits with maturity of less than 3 months	-	1,050
	Total cash and cash equivalents [refer note 11(a)]	**1,637**	**2,518**

Change in liability arising from financing activities

	1 April 2018	Cash Flow	Foreign exchange loss	31 March 2019
Borrowings (including current maturities)	7,874	(203)	462	8,133
	7,874	**(203)**	**462**	**8,133**

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Chennai
April 24, 2019

for and on behalf of **Board of Directors of Syngene International Limited**

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Managing Director
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Director & Chief Executive Officer
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M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 24, 2019

Statement of Changes in Equity

for the year ended 31 March 2019

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

(A) Equity share capital

	31 March 2019	31 March 2018
Opening balance	2,000	2,000
Changes in equity share capital	-	-
Closing balance	**2,000**	**2,000**

(B) Other equity [refer note 12(b)]

Particulars	Reserves and surplus						Items of other comprehensive income		Total other equity
	Securities premium	General reserve	Treasury shares	Retained earnings	Special Economic Zone (SEZ) reinvestment reserve	Share based payment	Cash flow hedging reserves	Other items of other comprehensive income	
Balance as at 1 April 2017	1,088	47	(113)	10,026	-	252	893	(62)	12,131
Profit for the year	-	-	-	3,051	-	-	-	-	3,051
Other comprehensive income, net of tax	-	-	-	-	-	-	95	(8)	87
Total comprehensive income for the year	**-**	**-**	**-**	**3,051**	**-**	**-**	**95**	**(8)**	**3,138**
Transactions recorded directly in equity									
Dividend including dividend distribution tax	-	-	-	(241)	-	-	-	-	(241)
Exercise of share options	95	-	44	4	-	(95)	-	-	48
Share based payment	-	-	-	-	-	125	-	-	125
Balance as at 31 March 2018	**1,183**	**47**	**(69)**	**12,840**	**-**	**282**	**988**	**(70)**	**15,201**
Profit for the year	-	-	-	3,307	-	-	-	-	3,307
Other comprehensive income, net of tax	-	-	-	-	-	-	(668)	(34)	(702)
Total comprehensive income for the year	**-**	**-**	**-**	**3,307**	**-**	**-**	**(668)**	**(34)**	**2,605**
Transactions recorded directly in equity									
Dividend including dividend distribution tax	-	-	-	(241)	-	-	-	-	(241)
Exercise of share options	90	-	23	(4)	-	(90)	-	-	19
Transfer to SEZ reinvestment reserve	-	-	-	(450)	450	-	-	-	-
Transfer from SEZ reinvestment reserve	-	-	-	450	(450)	-	-	-	-
Share based payment	-	-	-	-	-	88	-	-	88
Balance as at 31 March 2019	**1,273**	**47**	**(46)**	**15,902**	**-**	**280**	**320**	**(104)**	**17,672**

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
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April 24, 2019

for and on behalf of **Board of Directors of Syngene International Limited**

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Bengaluru
April 24, 2019

Notes to the standalone financial statements
for the year ended 31 March 2019

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

1. COMPANY OVERVIEW

1.1 Reporting entity

Syngene International Limited ("Syngene" or "the Company"), is engaged in providing contract research and manufacturing services from lead generation to clinical supplies to pharmaceutical and biotechnology companies worldwide. Syngene's services include integrated drug discovery and development capabilities in medicinal chemistry, biology, in vivo pharmacology, toxicology, custom synthesis, process R&D, cGMP manufacturing, formulation and analytical development along with Clinical development services. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka, India. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

1.2 Basis of preparation of financial statements

a) Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, 31 March 2019. These standalone financial statements were authorised for issuance by the Company's Board of Directors on 24 April 2019.

Details of the Company's accounting policies are included in Note 2.

b) Functional and presentation currency

These standalone financial statements are presented in Indian rupees (INR), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

c) Basis of measurement

These standalone financial statements have been prepared on the historical cost basis, except for the following items:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value;
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations;

d) Use of estimates and judgements

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- Note 1.2(b) — Assessment of functional currency;
- Note 2(a) and 28 — Financial instruments;
- Note 2(b), 2 (c) and 2(d) — Useful lives of property, plant and equipment, investment property and intangible assets;
- Note 2(j) and 18 — Revenue Recognition: whether revenue from sale of compounds is recognised over time or at a point in time;
- Note 2(l), 30 and 31 — Provision for income taxes and related tax contingencies;
- Note 2(n) — Lease classification;
- Note 27 — measurement of defined benefit obligation; key actuarial assumptions; and
- Note 33 — Share based payments;

1.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

— Note 2(g)(ii) – impairment of non financial assets;

— Note 27 – measurement of defined benefit obligations: key actuarial assumptions;

— Note 2(g)(i) and 28 – impairment of financial assets; and

— Note 14 and 31 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

1.4 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

— Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

— Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

— Note 2(a) and 28 – financial instruments;

— Note 3(b) – investment property; and

— Note 33 – share based payment arrangements;

2. SIGNIFICANT ACCOUNTING POLICIES

a. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

— amortised cost;

— FVOCI – debt investment;

— FVOCI – equity investment; or

— FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

— the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

— the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 28 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

vi. Treasury shares

The Company has created an Employee Welfare Trust (EWT) for providing share-based payment to its employees. Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. When the treasury shares are issued to the employees by EWT, the amount received is recognised as an increase in equity and the resultant gain / (loss) is transferred to / from securities premium.

vii. 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.

Cash dividend to equity holders

The Company recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

b. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Exchange differences arising on long-term foreign currency monetary items initially recognised in the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

ii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land and land under perpetual lease are not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-11 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	10 years or lease period whichever is lower	

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

iii. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

c. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Based on technical evaluation and consequent advice, the management believes a period of 3 to 25 years as representing the best estimate of the period over which investment property (which are quite similar) are expected to be used. Accordingly, the Company depreciates investment property over a period of 3 to 25 years on a straight-line basis. The estimated useful life of assets in investment property are different from the indicative useful lives of relevant type of asset mentioned in Part C of Schedule II to the act as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-11 years	8-20 years
Computers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years

Any gain or loss on disposal of an investment property is recognised in statement of profit and loss.

d. Intangible assets

Internally generated: Research and Development:

Expenditure on research activities is recognised in statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

i. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

ii. Amortisation

Intangible assets are amortised on a straight line basis over the estimated useful life as follows:

— Computer software	5 years
— Intellectual property right	5-10 years

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

e. Business combination

In accordance with Ind AS 103, *Business combinations*, the Company accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Company. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

f. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Chemicals, reagents and consumables held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

g. Impairment

i. 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 financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

ii. Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount in the statement of profit and loss.

The Company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or groups of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h. Employee benefits

i. Gratuity

The Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

ii. Provident Fund

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

iii. Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

iv. Share-based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

i. Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

j. Revenue from contracts with customers

The Company has implemented new standard Ind-AS 115 'Revenue from Contracts with Customers' effective 1 April 2018 using cumulative effect method. The adoption of this Standard did not have a material impact on the Revenue from operations and statement of profit and loss for the year ended 31 March 2019. Comparative periods were not restated given the Company adopted the standard using the cumulative effect approach.

i. Contract research and manufacturing services income

The Company derives revenues primarily from Contract research and manufacturing services income. Revenue is recognised upon transfer of control of promised services or compounds to customers in an amount that reflects the consideration we expect to receive in exchange for those services or compounds.

Arrangement with customers for Contract research and manufacturing services income are either on a time-and-material basis, fixed price or on a sale of compounds.

In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts.

Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Company monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

In respect of contracts involving sale of compounds arising out of contract research, revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

The consideration received by the Company in exchange for its goods may be fixed or variable. Variable consideration is only recognised when it is considered highly probable that a significant revenue reversal will not occur once the underlying uncertainty related to variable consideration is subsequently resolved.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The Company collects service tax and sales taxes, as applicable, on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

ii. Rental income

Rental income from investment property is recognised in statement of profit and loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

iii. Contribution received from customers towards property, plant and equipment

Contributions received from customers towards items of property, plant and equipment which require an obligation to supply services to the customer in the future, are recognised as a credit to deferred revenue. The contribution received is recognised as revenue from operations over the useful life of the assets. The Company capitalises the gross cost of these assets as the Company controls these assets.

iv. Dividends

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

v. Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

k. Government grants

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortised over the useful life of such asset. Grants related to income are recognised in statement of profit and loss as other operating revenues.

l. Income taxes

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements except when:

— taxable temporary differences arising on the initial recognition of goodwill;

— temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;

— temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

m. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

n. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

ii. Assets held under lease

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance sheet.

iii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

o. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

p. Recent Indian Accounting Standards (Ind AS)

Ind AS 116 – Leases

On 30 March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 '*Leases*' (new lease standard), which replaces Ind AS 17 '*Leases*', including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company will adopt these standards, effective from 1 April 2019. The adoption of this standard is not expected to have a material impact on the standalone financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

On 30 March 2019 , the Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax credits and tax rates, when there is uncertainty over Income Tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatments, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (or loss), tax base, unused tax losses, unused tax credits and tax rates.

The standard permits two possible method of transition – i) Full retrospective approach- Under this approach, Appendix C will be applied retrospectively to each reporting period presented in accordance with Ind AS 8 – Accounting policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recog nised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual period beginning on or after 1 April 2019. The Company is in the process of evaluating the impact of the new standard and decide the approach once the said evaluation has been completed.

The adoption of this amendment is not expected to be material on the standalone financial statements.

Amendments to Ind AS 12- Income taxes
On 30 March 2019 , the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, '*Income Taxes*', in connection with accounting for dividend distribution taxes.

The amendment clarified that an entity shall recognise the income tax consequences of dividend in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

Amendment to Ind AS 19- plan amendment, curtailment or settlement
On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, '*Employee benefits*', in connection with accounting for plan amendments, curtailments and settlements.

The amendment require an entity:

— To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

— To recognise in profit or loss as part of past of service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1 April 2019.The adoption of this amendment is not expected to have a material impact on the standalone financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation
The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The adoption of this standard is not expected to have a material impact on the standalone financial statements.

Ind AS 23 – Borrowing Costs
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The adoption of this standard is not expected to have a material impact on the standalone financial statements.

3 (a) PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

	Land [refer note (a)]	Buildings [refer note (c)]	Plant and equipment [refer note (b)]	Office equipments	Furniture and fixtures	Vehicles	Leasehold Improvements	Total	Capital work-in-progress
Gross carrying amount									
At 1 April 2017	597	2,406	9,758	69	254	15	-	13,099	1,749
Additions	-	496	2,826	31	52	18	172	3,595	3,400
Disposals / other adjustments	-	(10)	(357)	-	(11)	-	-	(378)	(3,595)
At 31 March 2018	**597**	**2,892**	**12,227**	**100**	**295**	**33**	**172**	**16,316**	**1,554**
Additions	106	455	4,332	22	97	-	-	5,012	6,195
Transfer to investment property [refer note (f)]	-	(34)	(384)	(1)	(3)	-	-	(422)	-
Disposals / other adjustments	-	-	-	-	-	(3)	-	(3)	(5,012)
At 31 March 2019	**703**	**3,313**	**16,175**	**121**	**389**	**30**	**172**	**20,903**	**2,737**
Accumulated depreciation									
At 1 April 2017	-	456	4,528	43	123	5	-	5,155	-
Depreciation for the year	-	106	1,098	14	33	5	10	1,266	-
Disposals	-	(3)	(214)	-	(9)	-	-	(226)	-
At 31 March 2018	**-**	**559**	**5,412**	**57**	**147**	**10**	**10**	**6,195**	**-**
Depreciation for the year	-	127	1,322	24	44	9	17	1,543	-
Transfer to investment property	-	-	(59)	-	-	-	-	(59)	-
Disposals	-	-	-	-	-	(3)	-	(3)	-
At 31 March 2019	**-**	**686**	**6,675**	**81**	**191**	**16**	**27**	**7,676**	**-**
Net carrying amount									
At 31 March 2018	**597**	**2,333**	**6,815**	**43**	**148**	**23**	**162**	**10,121**	**1,554**
At 31 March 2019	**703**	**2,627**	**9,500**	**40**	**198**	**14**	**145**	**13,227**	**2,737**

Notes:

(a) Land includes land held on lease under perpetual basis: Gross carrying amount - Rs. 661 (31 March 2018 - Rs. 555).

(b) Plant and equipment includes computers.

(c) Buildings with a cost of Rs. 3,154 (31 March 2018 - Rs. 2,733) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited, the holding Company.

(d) Foreign exchange (gain)/loss of Rs. 289 [31 March 2018 - (Rs. 142)] on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset.

(e) Additions to property, plant and equipment includes additions related to finance costs capitalised during the year amounting to Rs. 20 (31 March 2018 - Rs. 2).

(f) During the year ended 31 March 2019, a portion of facility was reclassified as investment property [refer note 3(b)], as the Company leased out the facility to a related party.

3 (b) INVESTMENT PROPERTY

Gross carrying amount	
At 1 April 2017	-
Additions	-
At 31 March 2018	-
Transfer from property, plant and equipment	422
Additions	76
At 31 March 2019	**498**
Accumulated depreciation	
At 1 April 2017	-
Depreciation for the year	-
At 31 March 2018	-
Transfer from property, plant and equipment	59
Depreciation for the year	39
At 31 March 2019	**98**
Net carrying amount	
At 31 March 2018	**-**
At 31 March 2019	**400**

Note:

(a) During the year, the Company has recognised rental income of Rs. 221 (31 March 2018 - Rs. Nil) in the statement of profit and loss for investment property. The fair value of investment property as at 31 March 2019 is Rs. 400 (31 March 2018 - Rs. Nil).

(b) Investment property with a cost of Rs. 34 (31 March 2018 - Nil) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.

4. INTANGIBLE ASSETS

	Computer software	Intellectual property right	Total
Gross carrying amount			
At 1 April 2017	100	120	220
Additions	71	-	71
Disposals	-	-	-
At 31 March 2018	**171**	**120**	**291**
Additions	18	-	18
Disposals	-	-	-
At 31 March 2019	**189**	**120**	**309**
Accumulated amortisation			
At 1 April 2017	46	14	60
Amortisation for the year	24	24	48
Disposals	-	-	-
At 31 March 2018	**70**	**38**	**108**
Amortisation for the year	36	24	60
Disposals	-	-	-
At 31 March 2019	**106**	**62**	**168**
Net carrying amount			
At 31 March 2018	**101**	**82**	**183**
At 31 March 2019	**83**	**58**	**141**

5. INVESTMENTS

	31 March 2019	31 March 2018
(a) Non-current investments		
Unquoted equity instruments of wholly owned subsidiary		
500 (31 March 2018: 500) Equity shares of USD 100 each in Syngene USA Inc., USA	3	3
	3	**3**
Aggregate value of unquoted investments	3	3
(b) Current investments		
Investments In mutual funds (quoted) (Non trade)		
Aditya Birla Sun Life Liquid Fund - 567,252 (31 March 2018: 435,364) units of Rs. 300 (31 March 2018: Rs. 279) each	170	121
Aditya Birla Sun Life Savings Fund - Nil (31 March 2018: 496,963) units of Rs. Nil (31 March 2018 - Rs.342) each	-	170
Axis Banking and PSU Debt Fund - Nil (31 March 2018: 11,184) units of Rs. Nil (31 March 2018: Rs. 1,603) each	-	18
DSP Liquidity Fund - 20,604 (31 March 2018: Nil) units of Rs. 2,672 (31 March 2018: Rs. Nil) each	55	-
HDFC FMP 92D February 2018 - Nil (31 March 2018: 15,000,000) units of Rs. Nil (31 March 2018: Rs. 10) each	-	151
HDFC Liquid Fund - 14,975 (31 March 2018: Nil) units of Rs. 3,676 (31 March 2018: Rs. Nil) each	55	-
ICICI Prudential Flexible Income Fund - Nil (31 March 2018: 81,749) units of Rs. Nil (31 March 2018: Rs. 333) each	-	27
ICICI Prudential Liquid Fund - 271,979 (31 March 2018: Nil) units of Rs. 276 (31 March 2018: Rs. Nil) each	75	-
Invesco India Liquid Fund - 21,407 (31 March 2018: Nil) units of Rs. 2,571 (31 March 2018: Rs. Nil) each	55	-
IDFC Ultra Short Term Fund - Nil (31 March 2018: 28,457,666) units of Rs. Nil (31 March 2018 - Rs.25) each	-	705
SBI Liquid Fund - 18,812 (31 March 2018: Nil) units of Rs. 2,927 (31 March 2018 - Rs. Nil) each	55	-
Tata Liquid Fund - 13,602 (31 March 2018: Nil) units of Rs. 2,943 (31 March 2018 - Rs. Nil) each	40	-
UTI Liquid Fund Cash Plan - 17,998 (31 March 2018: 17,772) units of Rs. 3,060 (31 March 2018: Rs. 2,845) each	55	50
UTI Treasury Advantage Fund - Nil (31 March 2018: 140,087) units of Rs. Nil (31 March 2018: Rs. 2,395) each	-	335
	560	1,577
Unquoted - In Others		
Inter corporate deposits with financial institutions *	6,600	-
	7,160	**1,577**
* Inter corporate deposits with financial institutions yield fixed interest rate.		
Aggregate value of quoted investments	560	1,577
Aggregate value of unquoted investments	6,600	-

6. OTHER FINANCIAL ASSETS

	31 March 2019	31 March 2018
(a) Non-current		
Security deposits	208	81
	208	**81**
(b) Current		
Recoverable from insurance company (refer note 34)	240	217
Other receivables [refer note 26]	207	64
Interest accrued but not due	228	74
Unbilled revenues	255	556
	930	**911**

7. DEFERRED TAX ASSETS (NET) (REFER NOTE 30(b))

	31 March 2019	31 March 2018
Deferred tax asset		
MAT credit entitlement	1,125	1,081
Employee benefit obligations	99	76
Others	22	27
	1,246	**1,184**
Deferred tax liability		
Derivatives, net	34	185
Property, plant and equipment, investment property and intangible assets, net	297	256
Others	-	19
	331	**460**
Deferred tax assets (net)	**915**	**724**

8. OTHER ASSETS

	31 March 2019	31 March 2018
(a) Non-current		
Capital advances	327	176
Balances with statutory / government authorities	55	186
Prepayments	78	79
	460	**441**
(b) Current		
Advances other than capital advances	34	31
Export incentive receivables	409	370
Balances with statutory / government authorities	5	28
Prepayments	214	197
	662	**626**

9. INVENTORIES

	31 March 2019	31 March 2018
Chemicals, reagents and consumables *	376	542
Work-in-progress	51	235
Finished goods	7	83
	434	**860**

* includes goods in-transit Rs. 11 (31 March 2018 - Rs. 29)

10. TRADE RECEIVABLES

	31 March 2019	31 March 2018
Unsecured		
Considered good (refer note 26)	3,387	2,668
Considered doubtful	53	64
	3,440	**2,732**
Allowance for credit losses	(53)	(64)
	3,387	**2,668**
The above includes :		
Due from Narayana Hrudayalaya Limited ('NHL') in which a director of the Company is a member of board of directors.	1	1

The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 28.

11. CASH AND BANK BALANCES

	31 March 2019	31 March 2018
(a) Cash and cash equivalents		
Cash on hand	- *	- *
Balances with banks (on current accounts)	1,637	1,468
Deposits with original maturity of less than 3 months	-	1,050
	1,637	**2,518**
(b) Bank balances other than above		
Deposits with maturity of less than 12 months	2,717	7,147
Total cash and bank balances	**4,354**	**9,665**

* Less than Rs. 0.5 million.

(i) The Company has Balances with banks (on unpaid dividend account) which are not disclosed above since amounts are rounded off to Rupees million.

12 (a) EQUITY SHARE CAPITAL

	31 March 2019	31 March 2018
Authorised		
250,000,000 (31 March 2018: 250,000,000) equity shares of Rs 10 each (31 March 2018 - Rs 10 each)	2,500	2,500
Issued, subscribed and fully paid-up		
200,000,000 (31 March 2018: 200,000,000) equity shares of Rs 10 each (31 March 2018 - Rs 10 each)	2,000	2,000
	2,000	**2,000**

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	31 March 2019		31 March 2018	
	No.	Rs	No.	Rs
At the beginning of the year	200,000,000	2,000	200,000,000	2,000
Issued during the year	-	-	-	-
At the end of the year	**200,000,000**	**2,000**	**200,000,000**	**2,000**

(ii) Terms / 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. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of shares held by holding company and their subsidiaries.

	31 March 2019		31 March 2018	
	No.	% holding	No.	% holding
Equity shares of Rs. 10 each fully paid				
Biocon Limited (holding company)	140,487,386	70.24%	145,217,843	72.61%
Biocon Research Limited (subsidiary of Biocon Limited)	-	-	1,866,673	0.93%

(iv) Details of shareholders holding more than 5% shares in the Company

	31 March 2019		31 March 2018	
	No.	% holding	No.	% holding
Equity shares of Rs 10 each fully paid				
Biocon Limited	140,487,386	70.24%	145,217,843	72.61%

(v) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	31 March 2019	31 March 2018
Equity shares allotted as fully paid bonus shares by capitalization of securities premium #	171,931,136	171,931,136
Equity shares allotted as fully paid pursuant to contracts for consideration other than cash @	4,641,999	3,614,036

The Company issued fully paid bonus shares of 171,931,136 (Face value: Rs. 10 per share) in ratio of 1:6.1253329 on 27 March 2015 by capitalisation of securities premium pursuant to the approval of the shareholders of the Company at the EGM held on 16 March 2015.

@ Syngene Employees Welfare Trust transferred equity shares to eligible employees upon meeting of the vesting conditions as per Syngene Employee Stock Option Plan 2011. The consideration other than exercise price was received in form of employee services.

(vi) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 33.

12(b) OTHER EQUITY

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Retained earnings

The amount represents surplus in statement of profit and loss not transferred to any reserve and can be distributed by the Company as dividends to its equity shareholders. The amount also includes retained earnings of Syngene Employee Welfare Trust.

Share based payment reserve
The Company has established share based payment plan for certain categories of employees of the Company. Also refer Note 33 for further details on these plans.

Treasury shares
The amount represents cost of own equity instruments that are acquired [treasury shares] by the ESOP trust and is disclosed as a deduction from other equity.

Cash flow hedging reserves
The cash flow hedging reserve represents the cumulative effective portion of gains or losses (net of tax) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

Special Economic Zone (SEZ) reinvestment reserve
The SEZ Re-Investment reserve has been created out of profit of eligible SEZ units in terms of the provisions of Section 10AA(1)(ii) of the Income-Tax Act, 1961. The reserve has been utilised for acquiring new plant and machinery for the purpose of its business in terms of section 10AA(2) of the Income-Tax Act, 1961.

13. BORROWINGS

	31 March 2019	31 March 2018
(a) Non-current borrowings		
Term loans from banks		
Buyers credit loan(secured) [refer note (i) below]	-	418
External commercial borrowings(secured) [refer note (ii) below]	6,066	6,508
Finance lease obligations(unsecured) [refer note (v) below]	160	167
	6,226	**7,093**
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(2,609)	(1,238)
	3,617	**5,855**
(b) Current borrowings		
Term loans from banks		
Pre shipment credit(unsecured) [refer note (iii) and (iv) below]	1,907	781
	1,907	**781**
The above amount includes		
Secured borrowings	6,066	6,926
Unsecured borrowings	2,067	948
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(2,609)	(1,238)
	5,524	**6,636**

Notes:

(i) The Company had obtained foreign currency denominated long term secured buyer's credit loans of Rs. 418 (USD 6.42 million) as of 31 March 2018 from HSBC Bank (Mauritius) Limited that carried interest rate in the range of Libor + 0.60% to Libor + 0.80%. The loan was guaranteed by Hongkong and Shanghai Banking Corporation Limited, India to HSBC Bank (Mauritius) Limited. All of the credit facilities provided by Hongkong and Shanghai Banking Corporation Limited, India were secured by a pari passu charge on the current assets and movable fixed assets of the Company. The loans were repayable at end of 960 days to 1,079 days from the date of its origination.

(ii) (a) The Company entered into External Commercial Borrowing agreement with The Hongkong and Shanghai Banking Corporation Limited (the Agent) dated 30 March 2016 to borrow USD 100 million comprising (a) USD 50 million term loan facility ('Facility A'); and (b) USD 50 million term loan facility ('Facility B'). The facilities are borrowed to incur capital expenditure at Bengaluru and Mangaluru premises of the Company.

(b) 'Facility A' of USD 50 million carries an interest rate of Libor + 1.04% and is repayable in two instalments of USD 12.5 million in March 2019 and USD 37.5 million in March 2020; and 'Facility B' of USD 50 million carries an interest rate of Libor + 1.30% and is repayable in March 2021.

(c) The facilities provided are secured by first priority pari passu charge on fixed assets and second charge on current assets of the Company.

(iii) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of Rs. 693 (USD 10 million) [31 March 2018 - Rs. Nil] from the Hongkong and Shanghai Banking Corporation Limited that carries interest rate of Monthly Libor + 1.02% to 1.08%. The loans are repayable after the end of 6 months from the date of its origination.

(iv) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of Rs. 1,214 (USD 17.5 million) [31 March 2018 - Rs. 781 (USD 12 million)] from HDFC Bank Limited that carries interest rate of Libor + 0.60% [31 March 2018 - Libor + 0.60%]. The loans are repayable after the end of 6 months from the date of its origination.

(v) The Company has obtained lease of utilities for its office use from Velankani Information Systems Limited (VISL) on a ten year non-cancellable basis. Finance Lease obligations reflect present value of such discounted monthly payments payable to VISL over the tenure of the lease contract.

(vi) Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 28.

14. PROVISIONS

	31 March 2019	31 March 2018
(a) Non-current		
Provision for employee benefits		
Gratuity (refer note 27)	374	290
	374	**290**
(b) Current		
Provision for employee benefits		
Gratuity (refer note 27)	33	30
Compensated absences	177	105
	210	**135**

15. OTHER LIABILITIES

	31 March 2019	31 March 2018
(a) Non-current		
Deferred rent liability	24	24
Deferred revenues	1,754	563
	1,778	**587**
(b) Current		
Advances from customers	2,676	2,335
Deferred revenues	209	156
Others		
- Statutory dues	101	94
- Other dues	253	111
	3,239	**2,696**

16. TRADE PAYABLES

	31 March 2019	31 March 2018
Trade payables [refer note (a) below and note 26]		
Total outstanding dues of micro and small enterprises	142	30
Total outstanding dues of creditors other than micro and small enterprises	2,093	2,004
	2,235	**2,034**
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 (''MSMED Act'')		
(i) The principal amount and interest due thereon remaining unpaid to supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprise	142	30
- Interest due on above	- *	- *
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	243	126
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(iv) Interest accrued and remaining unpaid at the end of the year	4	2
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	11	7

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors.

* Less than Rs. 0.5 million.

(b) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 28.

17. OTHER FINANCIAL LIABILITIES

	31 March 2019	31 March 2018
Current maturities of long term borrowings with Banks (refer note 13(a))	2,609	1,238
Payable for capital goods	734	632
Book overdraft	97	177
	3,440	**2,047**

(i) The Company has unpaid dividends which are not disclosed above since amounts are rounded off to Rupees million.

18. REVENUE FROM OPERATIONS

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of services		
Contract research and manufacturing services income	17,156	13,245
Other operating revenues		
Scrap sales	28	24
Export incentives [refer note (a) below]	548	737
Others [refer note (b) below]	524	225
	18,256	**14,231**

Note:

(a) Export incentives include Rs. Nil (31 March 2018 - Rs. 456) relating to previous years. These were recorded in previous year due to certainty in realisation of export incentives.

(b) Others include income from support services, rentals by the SEZ Developer and release from deferred revenue for assets funded by customers over the useful life.

18.1 DISAGGREGATED REVENUE INFORMATION

	Year ended 31 March 2019
Set out below is the disaggregation of revenue:	
Revenues from Contract research and manufacturing services income by geography	
India	1,047
United States of America	12,576
Rest of the world	3,533
	17,156
Revenue from other sources	
Other operating revenues	1,100
	1,100
Total revenue from operations	**18,256**

Geographical revenue is allocated based on the location of the customers.

18.2 CONTRACT BALANCES

	Year ended 31 March 2019
Trade receivables [refer note (i) below]	3,387
Contract assets [refer note (ii) below]	-
Contract liabilities [refer note (iii) below]	4,639

Notes:

(i) Trade receivables are non-interest bearing.

(ii) The Company does not have contract assets as at 31 March 2019 and 31 March 2018.

(iii) Contract liabilities include advances from customers.

18.3 CHANGES IN CONTRACT LIABILITIES - ADVANCES FROM CUSTOMERS

	Year ended 31 March 2019
Balance at the beginning of the year	3,054
Add: Increase due to invoicing during the year	5,160
Less: Revenue recognised from advances from customers at the beginning of the year	(2,316)
Less: Amounts recognised as revenue during the year	(1,259)
Balance at the end of the year	**4,639**
Expected revenue recognition from remaining performance obligations:	
- Within one year	2,885
- More than one year	1,754
	4,639

18.4 PERFORMANCE OBLIGATION:

In relation to information about the Company's performance obligations in contracts with customers refer note 2(j).

18.5 EFFECTS ON ADOPTION OF IND AS 115

Revenues from Contracts with Customers establishes a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations, and recognising revenue when or as performance obligations are satisfied. The adoption of this Standard did not have a material impact on the Revenue from operations and statement of profit and loss for the year ended 31 March 2019. Comparative periods were not restated given the Company adopted the standard using the cumulative effect approach.

19. OTHER INCOME

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income on:		
Deposits with banks and financial institutions	703	236
Lease deposits	4	2
Tax refunds	-	5
Dividend income on current investments	-	25
Net gain on sale of current investments	44	294
Net gain on current investments measured at fair value through profit or loss	-	55
Other non-operating income	-	1
	751	**618**

20. COST OF CHEMICALS, REAGENTS AND CONSUMABLES CONSUMED

	Year ended 31 March 2019	Year ended 31 March 2018
Inventory at the beginning of the year	542	139
Add : Purchases	4,887	4,355
Less: Inventory at the end of the year	(376)	(542)
	5,053	**3,952**

21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	Year ended 31 March 2019	Year ended 31 March 2018
Inventories at the beginning of the year		
Work-in-progress	235	134
Finished goods	83	49
	318	**183**
Inventories at the end of the year		
Work-in-progress	51	235
Finished goods	7	83
	58	**318**
	260	**(135)**

22. EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	4,093	3,221
Contribution to provident fund and other funds	184	154
Gratuity expenses (refer note 27)	58	80
Share based compensation expense (refer note 33)	93	128
Staff welfare expenses	226	186
	4,654	**3,769**

23. FINANCE COSTS

	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense	299	227
Exchange difference to the extent considered as an adjustment to borrowing cost	24	-
	323	**227**

24. DEPRECIATION AND AMORTISATION EXPENSE

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of tangible assets [refer note 3 (a)]	1,543	1,266
Depreciation of investment property [refer note 3 (b)]	39	-
Amortisation of intangible assets [refer note 4]	60	48
	1,642	**1,314**

25. OTHER EXPENSES

	Year ended 31 March 2019	Year ended 31 March 2018
Rent	105	97
Communication expenses	23	16
Travelling and conveyance	272	238
Professional charges	428	365
Payments to auditors [refer note (a) below]	5	5
Directors' fees including commission	19	16
Power and fuel	413	347
Facility charges	124	149
Insurance	170	128
Rates and taxes	177	237
Repairs and maintenance		
Plant and machinery	532	391
Buildings	78	111
Others	247	165
Selling expenses		
Freight outwards and clearing charges	3	34
Sales promotion expenses	66	27
Commission	8	-
Provision for doubtful receivables	(1)	36
Bad debts written off	10	4
Less: Provision no longer required written back	(10)	(4)
Printing and stationery	41	30
Clinical trial expenses	96	143
Contributions towards CSR (refer note 35)	63	52
Loss on assets scrapped	-	90
Miscellaneous expenses	45	63
	2,914	**2,740**
(a) Payments to auditors:		
As an auditor:		
Statutory audit	2	2
Tax audit	1	1
Limited review	1	1
In other capacity:		
Other services (certification fees) [refer note (i) below]	-	-
Reimbursement of expenses	1	1
	5	**5**

(i) Amounts are not presented since the amounts are rounded off to Rupees million.

26. RELATED PARTY TRANSACTIONS

Related parties where control exists and related parties with whom transactions have taken place during the year are listed below:

Sl. No.	Name of the related party	Relationship	Description of transaction	Transaction value for year ended		Balance as at	
				31 March 2019 Expenses / (Income) / Other transactions	31 March 2018 Expenses / (Income) / Other transactions	31 March 2019 Payable / (Receivable) / Other transactions	31 March 2018 Payable / (Receivable)/ Other transactions
A.	**Remuneration paid to key management personnel**						
(a)	Jonathan Hunt	Director and Chief Executive Officer	Salary and perquisites [refer note (i) and (ii) below]	47	47	-	-
			Share based payments	42	47	-	-
(b)	M.B. Chinappa	Chief Financial officer	Salary and perquisites [refer note (i) below]	29	28	-	-
			Share based payments	-	2	-	-
(c)	Mayank Verma	Company Secretary	Salary and perquisites [refer note (i) below]	3	3	-	-
			Share based payments	- *	- *	-	-
(d)	Russell Walls	Independent director	Sitting fees and commission	3	3	1	1
(e)	Bala S. Manian	Independent director	Sitting fees and commission	3	3	1	1
(f)	Paul Blackburn	Independent director	Sitting fees and commission	4	3	1	1
(g)	Suresh Talwar	Independent director	Sitting fees and commission	3	3	1	1
(h)	Vijay Kuchroo	Independent director	Sitting fees and commission	3	2	1	1
(i)	Vinita Bali (w.e.f. 31 July 2017)	Independent director	Sitting fees and commission	2	2	1	1
(j)	Catherine Rosenberg	Non-executive director	Sitting fees and commission [refer note (iii) below]	1	- *	1	- *
(k)	John Shaw	Non-executive director	Sitting fees and commission [refer note (iii) below]	- *	-	- *	-
B.	**Others**						
(a)	Biocon Limited	Holding Company	Rent expense	54	65	-	-
			Power and facility charges [refer note (iv) below]	566	547	-	-
			Purchase of goods	9	3	-	-
			Other expenses reimbursed	69	55	-	-
			Purchase of assets	282	-	-	-
			Sale of services	(364)	(187)	-	-
			Final dividend	141	145	-	-
			Rent and facility services	(248)	-	-	-
			Funding towards Property, plant and equipment	(67)	-	-	-
			Trade payable	-	-	499	285
			Deferred rent liability	-	-	22	22
			Rent deposit paid	-	-	(23)	(23)
			Trade receivables	-	-	(312)	(254)
			Other receivables	-	-	(92)	-
			Guarantee given by Biocon Limited to CED on behalf of the Company	-	-	148	148
(b)	Biocon Sdn. Bhd., Malaysia	Fellow subsidiary	Sale of services	(65)	(84)	-	-

Sl. No.	Name of the related party	Relationship	Description of transaction	Transaction value for year ended 31 March 2019 Expenses / (Income) / Other transactions	Transaction value for year ended 31 March 2018 Expenses / (Income) / Other transactions	Balance as at 31 March 2019 Payable / (Receivable) / Other transactions	Balance as at 31 March 2018 Payable / (Receivable)/ Other transactions
			Trade receivables	-	-	(59)	(50)
			Trade payable	-	-	-	2
(c)	Biocon Pharma Limited	Fellow subsidiary	Sale of services	(81)	-	-	-
			Services availed	- *	-	-	-
			Trade receivables	-	-	(81)	-
			Trade payable	-	-	- *	-
(d)	Biocon Research Limited	Fellow subsidiary	Sale of services	(9)	(1)	-	-
			Final dividend	- *	2	-	-
			Trade receivables	-	-	(4)	(7)
(e)	Biocon SA, Switzerland	Fellow subsidiary	Sale of services	-	(3)	-	-
			Trade receivables	-	-	-	(3)
(f)	Biocon Biologics Limited, UK	Fellow subsidiary	Sale of services	(10)	(163)	-	-
			Trade receivables	-	-	(2)	(175)
(g)	Biocon Foundation	Trust #	Contribution towards CSR	63	52	-	-
(h)	Biocon Academy	Fellow subsidiary	Training Services	2	-	-	-
(i)	Syngene USA Inc.	Wholly owned subsidiary [refer note (v) below]	Sales and support services availed	101	37	-	-
			Investment in equity shares	-	3	-	-
			Trade payable	-	-	3	3
(j)	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of services	(1)	(1)	-	-
			Health services availed	8	- *	-	-
			Trade receivables	-	-	(1)	(1)
			Trade payables	-	-	1	- *
(k)	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Staff welfare expenses	4	4	-	-
			Trade payables	-	-	-	-

* Less than Rs. 0.5 million.

\# Trust in which Kiran Mazumdar Shaw is a Trustee.

Notes:

(i) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

(ii) Salary and perquisites of Jonathan Hunt includes contribution to provident fund of Rs. 3 relating to earlier period in financial year 2017 - 2018.

(iii) Pursuant to approval by the Board of Directors of the Company, the Non-executive non-independent directors of the Company have been entitled to receive remuneration by way of commission effective from quarter ended 31 March 2019.

(iv) Effective from 1 October 2006, the Company has entered into an arrangement for lease of land on an operating lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of Rs 144 (Year ended 31 March 2018 - Rs 157) and power charges (including other charges) of Rs 422 (Year ended 31 March 2018 - Rs 390) have been charged by Biocon Limited for the year ended 31 March 2019.

(v) The Company has incorporated its wholly owned overseas subsidiary, Syngene USA Inc., USA ('the Subsidiary') during the previous year and operational from 1 November 2017.

(vi) Fellow subsidiary companies with whom the Company did not have any transactions -

Biocon FZ LLC, a subsidiary of Biocon Limited
Biocon Pharma Inc, USA - subsidiary of Biocon Limited
Biocon Biologics India Limited, India - subsidiary of Biocon Limited
Biocon Healthcare Sdn Bhd, Malaysia - subsidiary of Biocon Limited

(vii) The above disclosures include related parties as per IND-AS 24 on "Related Party Disclosures" and Companies Act, 2013.

(viii) All transactions with these related parties are priced on an arm's length basis and none of the balances are secured.

27. EMPLOYEE BENEFIT PLANS

(i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act'). Under the Gratuity Act, employee who has completed five years of service is entitled to specific benefit with no monetary limit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company makes contributions to a recognised fund in India.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on 1 April 2018	323	(3)	320
Current service cost	34	-	34
Interest cost	24	-	24
Amount recognised in Statement of profit and loss	**58**	**-**	**58**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	- *	- *
Actuarial (gain) / loss arising from:			
Demographic assumptions	(4)	-	(4)
Financial assumptions	30	-	30
Experience adjustment	19	-	19
Amount recognised in other comprehensive income	**45**	**-**	**45**
Benefits paid	(16)	-	(16)
Balance as at 31 March 2019	**410**	**(3)**	**407**

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on 1 April 2017	241	(2)	239
Current service cost	53	-	53
Interest cost	27	-	27
Amount recognised in Statement of profit and loss	**80**	**-**	**80**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	(1)	(1)
Actuarial (gain) / loss arising from:			
Demographic assumptions	23	-	23
Financial assumptions	(29)	-	(29)
Experience adjustment	17	-	17
Amount recognised in other comprehensive income	**11**	**(1)**	**10**
Benefits paid	(9)	-	(9)
Balance as at 31 March 2018	**323**	**(3)**	**320**

* Less than Rs. 0.5 million.

	31 March 2019	31 March 2018
Non current	374	290
Current	33	30
	407	**320**
(ii) The assumptions used for gratuity valuation are as below:	**31 March 2019**	**31 March 2018**
Interest rate	7.2%	7.7%
Discount rate	7.2%	7.7%
Expected return on plan assets	7.2%	7.7%
Salary increase	10.0%	9.0%
Attrition rate (based on Age of the Employee)	5% - 15%	5% - 16%
Retirement age - Years	58	58

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 9 years (31 March 2018 - 8 years).

The defined benefit plan exposes the Company to actuarial risks, such as interest rate risk.

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

Particulars	31 March 2019		31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate	(29)	33	(22)	25
Salary increase	32	(29)	24	(21)
Attrition rate	(7)	8	(4)	5

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

As of 31 March 2019 and 31 March 2018, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending 31 March 2019, is approximately Rs. 34 (31 March 2018 - Rs. 30).

Maturity profile of defined benefit obligation

Particulars	31 March 2019	31 March 2018
1st Following year	34	30
2nd Following year	33	29
3rd Following year	34	28
4th Following year	35	27
5th Following year	35	27
Years 6 to 10	170	140
Years 11 and above	467	355

28. FINANCIAL INSTRUMENTS: FAIR VALUE AND RISK MANAGEMENTS

A. Accounting classification and fair values

31 March 2019	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments (non-current)#	-	-	3	3	-	-	-	-
Derivative assets (non-current)	-	677	-	677	-	677	-	677
Other financial assets (non-current)	-	-	208	208	-	-	-	-
Investments (current)	560	-	6,600	7,160	560	-	-	560
Trade receivables	-	-	3,387	3,387	-	-	-	-
Cash and cash equivalents	-	-	1,637	1,637	-	-	-	-
Bank balances other than above	-	-	2,717	2,717	-	-	-	-
Derivative assets (current)	-	699	-	699	-	699	-	699
Other financial assets (current)	-	-	930	930	-	-	-	-
	560	**1,376**	**15,482**	**17,418**	**560**	**1,376**	**-**	**1,936**
Financial liabilities								
Borrowings (non-current)	-	-	3,617	3,617	-	-	-	-
Derivative liabilities (non-current)	-	296	-	296	-	296	-	296
Borrowings (current)	-	-	1,907	1,907	-	-	-	-
Trade payables	-	-	2,235	2,235	-	-	-	-
Derivative liabilities (current)	-	97	-	97	-	97	-	97
Other financial liabilities (current)	-	-	3,440	3,440	-	-	-	-
	-	**393**	**11,199**	**11,592**	**-**	**393**	**-**	**393**

31 March 2018	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments (non-current)#	-	-	3	3	-	-	-	-
Derivative assets (non-current)	-	1,078	-	1,078	-	1,078	-	1,078
Other financial assets (non-current)	-	-	81	81	-	-	-	-
Investments (current)	1,577	-	-	1,577	1,577	-	-	1,577
Trade receivables	-	-	2,668	2,668	-	-	-	-
Cash and cash equivalents	-	-	2,518	2,518	-	-	-	-
Bank balances other than above	-	-	7,147	7,147	-	-	-	-
Derivative assets (current)	19	867	-	886	-	886	-	886
Other financial assets (current)	-	-	911	911	-	-	-	-
	1,596	**1,945**	**13,328**	**16,869**	**1,577**	**1,964**	**-**	**3,541**
Financial liabilities								
Borrowings (non-current)	-	-	5,855	5,855	-	-	-	-
Derivative liabilities (non-current)	-	118	-	118	-	118	-	118
Borrowings (current)	-	-	781	781	-	-	-	-
Trade payables	-	-	2,034	2,034	-	-	-	-
Derivative liabilities (current)	-	13	-	13	-	13	-	13
Other financial liabilities (current)	-	-	2,047	2,047	-	-	-	-
	-	**131**	**10,717**	**10,848**	**-**	**131**	**-**	**131**

valued at cost

Measurement of fair values

Fair value of liquid mutual funds are based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Sensitivity analysis

For the fair values of forward/option contracts of foreign currencies, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects.

Significant observable inputs	Impact on profit or loss		Impact on other equity	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Movement in spot rate of the foreign currency				
INR/USD - Increase by 1%	-	(3)	(406)	(342)
INR/USD - Decrease by 1%	-	3	372	342
Movement in Interest rates				
LIBOR - Increase by 100 bps	-	-	(176)	(290)
LIBOR - Decrease by 100 bps	-	-	176	290

B. Financial risk management

The Company's activities expose it to a variety of financial risks : credit risk, market risk and liquidity risk.

(i) Risk management framework

The Company's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

(ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables and unbilled revenues) and from its investment activities, including deposits with banks and financial institutions, investments in mutual funds and other financial instruments.

The Company has established a credit mechanism under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables and unbilled revenue amounting to Rs. 3,642 (31 March 2018: Rs. 3,224). The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for Impairment	31 March 2019	31 March 2018
Opening balance	64	32
Impairment loss recognised	(11)	32
Closing balance	**53**	**64**

Receivable from one customer (31 March 2018 - two customers) of the Company's receivables is Rs. 397 (31 March 2018 - Rs. 671) which is more than 10 percent of the Company's total receivables.

Credit risk on cash and cash equivalent is limited as the Company generally invests in deposits with banks having high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units and inter-corporate deposits with financial institutions.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains line of credits as stated in Note 13.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2019:

Particulars	Less than 1 year	1 - 2 years	2-5 years	5 - 10 years	Total
Borrowings (non-current)	2,609	3,477	47	93	6,226
Borrowings (current)	1,907	-	-	-	1,907
Trade payables	2,235	-	-	-	2,235
Derivative liabilities (non-current)	-	57	108	131	296
Derivative liabilities (current)	97	-	-	-	97
Other financial liabilities	831	-	-	-	831
Total	**7,679**	**3,534**	**155**	**224**	**11,592**

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2018:

Particulars	Less than 1 year	1 - 2 years	2-5 years	5 - 10 years	Total
Borrowings (non-current)	1,238	2,450	3,295	110	7,093
Borrowings (current)	781	-	-	-	781
Trade payables	2,034	-	-	-	2,034
Derivative liabilities (non-current)	-	2	24	92	118
Derivative liabilities (current)	13	-	-	-	13
Other financial liabilities	809	-	-	-	809
Total	**4,875**	**2,452**	**3,319**	**202**	**10,848**

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

Foreign currency risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

The currency profile of financial assets and financial liabilities as at 31 March 2019 and 31 March 2018 are as below:

31 March 2019	USD	EUR	Others	Total
Financial assets				
Trade receivables	2,768	53	-	2,821
Cash and cash equivalents	812	98	-	910
Other financial assets (current)	344	28	-	372
Financial liabilities				
Borrowings (non-current)	(3,466)	-	-	(3,466)
Borrowings (current)	(1,907)	-	-	(1,907)
Trade payables	(302)	(37)	(10)	(349)
Other financial liabilities (current)	(2,802)	(19)	(8)	(2,829)
Net assets / (liabilities)	**(4,553)**	**123**	**(18)**	**(4,448)**

31 March 2018	USD	EUR	Others	Total
Financial assets				
Trade receivables	2,284	75	-	2,359
Cash and cash equivalents	434	-	-	434
Other financial assets (current)	575	14	-	589
Financial liabilities				
Borrowings (non-current)	(5,695)	-	-	(5,695)
Borrowings (current)	(781)	-	-	(781)
Trade payables	(466)	(3)	(104)	(573)
Other financial liabilities (current)	(1,345)	(36)	(20)	(1,401)
Net assets / (liabilities)	**(4,994)**	**50**	**(124)**	**(5,068)**

Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign exchange forward/option contracts designated as cash flow hedges.

Particulars	Impact on profit or loss		Impact on other equity	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
USD Sensitivity				
INR/USD - Increase by 1%	(46)	(53)	(452)	(395)
INR/USD - Decrease by 1%	46	53	418	395
EUR Sensitivity				
INR/EUR - Increase by 1%	1	(1)	1	(1)
INR/EUR - Decrease by 1%	(1)	1	(1)	1

Derivative financial instruments

The following table gives details in respect of outstanding foreign exchange forward and option contracts:

Particulars	31 March 2019	31 March 2018
Foreign exchange forward contracts to buy	USD 436 (INR 30,256)	USD 383 (INR 24,916)
European style option contracts with periodical maturity dates	USD 150 (INR 10,370)	USD 190 (INR 12,368)
Interest rate swaps used for hedging LIBOR component in External Commercial Borrowings	USD 75 (INR 5,199)	USD 75 (INR 4,881)

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended 31 March 2019 and 31 March 2018 the Company's borrowings at variable rate were mainly denominated in USD.

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	31 March 2019	31 March 2018
Variable rate borrowings	2,773	2,826
Fixed rate borrowings	5,360	5,048
Total borrowings	**8,133**	**7,874**

(b) Sensitivity

Fixed rate borrowings:

The Company policy is to maintain its long-term borrowings at fixed rate using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

Variable rate borrowings:

A reasonably possible change of 100 bps would have increased / (decreased) profit and loss and equity by Rs. 28 (31 March 2018 - Rs. 28).

29. CAPITAL MANAGEMENT

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute annual dividends in future periods.

The amount of future dividends of equity shares will be balanced with efforts to continue to maintain an adequate liquidity status.

The capital structure as of 31 March 2019 and 31 March 2018 was as follows:

Particulars	31 March 2019	31 March 2018
Total equity attributable to the equity shareholders of the Company	19,672	17,201
As a percentage of total capital	71%	69%
Long-term borrowings	6,226	7,093
Short-term borrowings	1,907	781
Total borrowings	**8,133**	**7,874**
As a percentage of total capital	29%	31%
Total capital (Equity and Borrowings)	**27,805**	**25,075**

30. TAX EXPENSE

	31 March 2019	31 March 2018
(a) Amount recognised in Statement of profit and loss		
Current tax	864	793
Deferred tax:		
MAT credit entitlement	(44)	(182)
Others related to:		
Origination and reversal of other temporary differences	15	59
Tax expense for the year	**835**	**670**
Reconciliation of effective tax rate		
Profit before tax	4,142	3,721
Tax at statutory income tax rate 34.94% (31 March 2018 - 34.61%)	1,447	1,288
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
Exempt income	-	(7)
Tax incentive	(529)	(519)
Non-deductible expense	32	44
Basis difference that will reverse during the tax holiday period	(174)	(62)
Others	59	(74)
Income tax expense	**835**	**670**

(b) Recognised deferred tax assets and liabilities

The following is the movement of deferred tax assets / liabilities presented in the balance sheet

For the year ended 31 March 2019	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax asset				
MAT credit entitlement	1,081	44	-	1,125
Defined benefit obligations	76	12	11	99
Others	27	(5)	-	22
Gross deferred tax assets	**1,184**	**51**	**11**	**1,246**
Deferred tax liability				
Derivatives, net	185	-	(151)	34
Property, plant and equipment, investment property and intangible assets, net	256	41	-	297
Others	19	(19)	-	-
Gross deferred tax liability	**460**	**22**	**(151)**	**331**
Deferred tax assets / (liabilities), net	**724**	**29**	**162**	**915**

For the year ended 31 March 2018	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax asset				
MAT credit entitlement	899	182	-	1,081
Defined benefit obligations	58	16	2	76
Others	15	12	-	27
Gross deferred tax assets	**972**	**210**	**2**	**1,184**
Deferred tax liability				
Derivatives, net	147	-	38	185
Property, plant and equipment and intangible assets, net	158	98	-	256
Others	30	(11)	-	19
Gross deferred tax liability	**335**	**87**	**38**	**460**
Deferred tax assets / (liabilities), net	**637**	**123**	**(36)**	**724**

31. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

	31 March 2019	31 March 2018
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	3,357	2,383
The above includes:		
(I) Income tax matters relating to financial year 2002 - 03 to 2015 - 16 (31 March 2018 : financial year 2002 - 03 to FY 2014 -15)	3,330	2,358
(II) Indirect tax matters	27	25
(III) In light of recent judgment of Honorable Supreme Court dated 28th February 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Company's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence It is unclear as to whether the clarified definition of Basic Wage would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability.		
Other than the matters disclosed above, the Company is involved in taxation matters that arise from time to time in the ordinary course of business. Management is of the view that these will not have any material adverse effect on the Company's financial position or results of operations.		
(b) Guarantees		
Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	2	2
The necessary terms and conditions have been complied with and no liabilities have arisen.		
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	3,732	2,447
(b) Operating lease commitments (Company is a lessee)		
(I) Rent		
The Company has entered into lease agreements for use of land and buildings which expires over a period ranging upto the year of 2027. Gross rental expenses for the year aggregate to Rs. 105 (31 March 2018 - Rs. 97).		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	34	29
Later than one year and not later than five years	152	133
Later than five years	143	180
(II) Vehicles		
The Company has taken vehicles for certain employees under operating leases, which expire over a period ranging upto the year of 2022. Gross rental expenses for the year aggregate to Rs. 5 (31 March 2018 - Rs. 2).		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	11	-
Later than one year and not later than five years	23	-

	31 March 2019	31 March 2018
(c) Finance lease commitments (Company is a lessee)		
The Company has entered into lease for use of certain items of leasehold improvements on finance lease basis. The legal title to these items vests with lessor. The lease term of leasehold improvements is 10 years covering a upto the year of 2027.		
Future minimum lease payable including interest element under finance leases are as follows:		
Not later than one year	23	22
Later than one year and not later than five years	105	100
Later than five years	107	135

32. SEGMENTAL INFORMATION

Operating segments

The Company is engaged in a single operating segment of providing contract research and manufacturing services. Accordingly, there are no additional disclosures to be provided Ind AS 108 'Operating Segments' other than those already provided in the financial statements.

Geographical information

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, revenue has been based on the geographic location of the customers and assets which have been based on the geographical location of the assets.

	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations:		
India	1,843	1,403
United States of America	12,880	9,014
Rest of the World	3,533	3,814
Total	**18,256**	**14,231**

The following is the carrying amount of non current assets by geographical area in which the assets are located:

	31 March 2019	31 March 2018
Carrying amount of non-current assets		
India	17,594	12,805
Outside India	-	-
Total	**17,594**	**12,805**

Note: Non-current assets excludes financial assets and deferred tax assets.

Major customer

Revenue from two customers (31 March 2018 - one customer) of the Company's Revenue from operations is Rs. 6,293 (31 March 2018 - Rs.3,499) which is more than 10 percent of the Company's total revenue.

33. SHARE BASED COMPENSATION

Syngene ESOP Plan

On 20 July 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of the Company. The Board of Directors approved the employee stock option plan of the Company. On 31 October 2012, the Trust subscribed 6,680,000 equity shares (Face Value of Rs. 10 per share) of the Company using the proceeds from interest free loan of Rs. 150 obtained from the Company, adjusted for the consolidation of shares and bonus issue. As at 31 March 2019, the Trust holds 2,038,001 (31 March 2018: 3,065,964) equity shares of face value of Rs. 10 each, adjusted for the consolidation of shares and bonus issue. As of 31 March 2019, the Trust has transferred 4,641,999 (31 March 2018 - 3,614,036) equity shares to the employees on exercise of their stock options.

Grant

Pursuant to the Scheme, the Company has granted options to eligible employees of the Company under Syngene Employee Stock Option Plan - 2011. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 35% and 40% of the total grant at end of second, third and fourth year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs. 22.50 per share (Face Value of Rs. 10 per share).

Details of Grant

Particulars	31 March 2019 No. of options	31 March 2018 No. of options
Outstanding at the beginning of the year	2,235,222	3,634,457
Granted during the year	191,668	121,500
Forfeited during the year	(52,139)	(73,174)
Exercised during the year	(1,027,963)	(1,447,561)
Outstanding at the end of the year	1,346,788	2,235,222
Exercisable at the end of the year	360,102	1,121,670
Weighted average exercise price	22.5	22.5
Weighted average fair value of shares granted during the year under Black Scholes Model (In Rs.)	556.5	479.8
Weighted average share price at the date of exercise (In Rs.)	578.7	472.0

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2019 is 1.85 years [31 March 2018 - 2.13 years].

Assumptions used in determination of the fair value of the stock options under the Black Scholes Model are as follows:

Particulars	31 March 2019	31 March 2018
Dividend yield (%)	0.2%	0.3%
Exercise Price (In Rs.)	22.5	22.5
Volatility	30.5%	33.5%
Life of the options granted (vesting and exercise period) [in years]	6.15	6.15
Average risk-free interest rate	7.9%	7.7%

34. EXCEPTIONAL ITEM

Pursuant to a fire incident on 12 December 2016, certain fixed assets, inventory and other contents in one of the buildings were damaged. The Company lodged an estimate of loss with the insurance company and the survey is currently ongoing. The Company had recorded a loss of Rs. 1,032 million arising from such incident till 31 March 2018. The Company has recorded a further loss of Rs. 23 million during the year ended 31 March 2019. The Company also recognised a minimum Insurance claim receivable for equivalent amounts in the respective periods. The aforementioned loss and the corresponding credit arising from insurance claim receivable has been presented on a net basis (Rs. Nil) under Exceptional items in these standalone financial statements. The Company has received a disbursement of Rs. 815 (31 March 2018: Rs. 815) from the insurance company and the same has been adjusted with the amount recoverable from the insurance company.

In addition, the Company is in the process of determining its final claim for loss of fixed assets and Business Interruption and has accordingly not recorded any further claim arising therefrom at this stage.

35. CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

	31 March 2019	31 March 2018
(a) Amount required to be spent by the Company during the year	63	52
(b) Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	63	52

36. EARNINGS PER EQUITY SHARE (EPS)

	31 March 2019	31 March 2018
Earnings		
Profit for the year	3,307	3,051
Shares		
Basic outstanding shares	200,000,000	200,000,000
Less: Weighted average shares held with the ESOP Trust	(2,249,371)	(2,624,879)
Weighted average shares used for computing basic EPS	197,750,629	197,375,121
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	613,078	613,597
Weighted average shares used for computing diluted EPS	198,363,707	197,988,718
Earnings per equity share		
Basic (in Rs.)	16.72	15.46
Diluted (in Rs.)	16.67	15.41

37. DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

The disclosures regarding details of SBNs held and transacted during 8 November 2016 to 30 December 2016 has not been made in these standalone financial statements since the requirement does not pertain to financial year ended 31 March 2019 and 31 March 2018.

38. EVENTS AFTER REPORTING PERIOD

On 24 April 2019, the Board of Directors of the Company approved issue of bonus shares in the proportion of 1:1 i.e. 1 (one) bonus equity shares of Rs. 10 each for every 1 (one) fully paid-up equity shares held as on the record date, subject to the approval by the shareholders of the Company through postal ballot.

On 24 April 2019, the Board of Directors of the Company has proposed a final dividend of 5% or Rs. 0.50 per equity share as on the record date for distribution of final dividend. The proposed dividend is subject to the approval of the shareholders in the Annual General Meeting of the Company.

39. PRIOR YEARS' COMPARATIVES

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's classification.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Chennai
April 24, 2019

for and on behalf of **Board of Directors of Syngene International Limited**

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 24, 2019

Independent Auditor's Report

To the Members of Syngene International Limited

Report on the Audit of the Consolidated Indian Accounting Standards ('Ind AS') Financial Statements

Opinion

We have audited the Consolidated Ind AS Financial Statements of Syngene International Limited (hereinafter referred to as "the Holding Company"), and its subsidiary (foreign subsidiary – Refer Note 1.2 of the Consolidated Ind AS Financial Statements) (Holding Company and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March 2019, and the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Financial instruments – Hedge accounting

[Refer Note 2(c) and 28 to the Consolidated Ind AS Financial Statements]

The key audit matter

The Group enters into forward, option and interest rate swap contracts to hedge its foreign exchange and interest rate risks. Foreign exchange risks arise from sales to customers as substantial part of its revenues are denominated in foreign currency with most of the costs denominated in Indian Rupees (INR). The interest rate risks arises from the variable rate of interest on its foreign currency borrowings.

The Group designates a substantial portion of its derivatives as cash flow hedges of highly probable forecasted transactions. Derivative financial instruments are recognized at their fair value as of balance sheet date on the basis of valuation report obtained from third party specialists. Basis such valuations, effective portion of derivative movements are recognized within equity.

These matters are of importance to our audit due to complexity in the valuation of derivative contracts and complex accounting and documentation requirements under Ind AS 109: Financial Instruments.

How the matter was addressed in our audit

With the support of our internal valuation specialists, we assessed the fair value of the derivatives by testing sample contracts. We also analyzed critical terms (such as nominal amount, maturity and underlying) of the hedging instrument and the hedged item to ensure that they are closely aligned.

Taxation

[Refer Note 2(n), 30 and 31 to the Consolidated Ind AS Financial Statements]

The key audit matter

The Group's operations are majorly based out of units registered as Special Economic Zone (SEZ) and Export Oriented Unit (EOU). Accordingly, the Group enjoys certain deductions/benefits with respect to payment of income-tax and other indirect taxes, some of which are subject matters of dispute with tax authorities. The Group periodically reviews its tax positions, which include reviews by the external tax consultant and tax counsels appointed by the Group. Where the amount of tax liabilities is uncertain, the Group recognises accruals/contingent liability that reflect Management's best estimate of the outcome based on the facts. Thus there is a risk that accruals/contingent liability for tax is not accounted properly.

The Group has significant amount of deferred tax assets primarily comprising of Minimum Alternate Tax ('MAT') entitlement credits on account of tax holiday benefits enjoyed by the Group, which would expire over a period of 15 years as stipulated under present income tax law. Assessment of recoverability of such MAT credits require management to prepare forecasts for future profitability and potential tax liabilities, which involves significant judgment and accordingly is an area of focus for us.

How the matter was addressed in our audit

In conjunction with our tax specialists, we have evaluated Management's judgements with respect to the litigated tax matters in order to assess the adequacy of the tax provisions and contingent liability.

With respect to MAT, our audit procedures included assessing the revenue and profit forecast against the historical performance and reviewing management's plans with respect to new undertakings being setup having tax holiday benefits. We also assessed the sensitivity of key assumptions including the growth rate and the impact of tax holiday benefit for future years on the ability to utilize the MAT credits.

Impact on adoption of new revenue standard - Ind AS 115

[Refer Note 2(a) and 28 to the Consolidated Ind AS Financial Statements]

The key audit matter

The Group has adopted Ind AS 115 - *Revenue from Contracts with Customers (Ind AS 115)* which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit.

Ind AS 115 is effective for the year beginning April 01, 2018 and establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price, appropriateness of the basis used to measure revenue recognized over a period or at a point in time. Revenue is recognized when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Group evaluated these principles for all its revenue streams, to determine the distinct performance obligations within its customer contracts and timing of revenue recognition which involved judgement.

Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

How the matter was addressed in our audit

We evaluated the design and implementation of the processes and internal controls relating to implementation of the new revenue accounting standard. We also reviewed the analysis performed by Management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams.

Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the Consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained in the 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.

When we read the other sections of Annual Report (other than those mentioned above), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated Ind AS 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 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 Consolidated Ind AS 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 management

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of Consolidated Ind AS Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group (company and subsidiary) to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the Consolidated Ind AS Financial Statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

We communicate with those charged with governance of the Holding Company, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books;

(c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;

(d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Ind AS specified under Section 133 of the Act;

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act; and

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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, in our opinion and to the best of our information and according to the explanations given to us:

(a) The Consolidated Ind AS Financial Statement disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group - Refer Note 31(i)(a) to the Consolidated Ind AS Financial Statements;

(b) Provision has been made in the Consolidated Ind AS Financial Statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts - Refer Note 28 to the Consolidated Ind AS Financial Statements;

(c) There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2019; and

(d) The disclosures in the Consolidated Ind AS Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the Consolidated Ind AS Financial Statements since they do not pertain to the financial year ended 31 March 2019.

With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: 24 April 2019

Annexure A to the Independent Auditor's Report on the Consolidated Ind AS Financial Statements of Syngene International Limited for the year ended 31 March 2019

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Ind AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to Consolidated Ind AS Financial Statements of Syngene International Limited (hereinafter referred to as "the Holding Company"), a company incorporated in India under Companies Act, 2013, as of that date.

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls with reference to Consolidated Ind AS Financial Statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to Consolidated Ind AS Financial Statements criteria established by the Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Holding Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls with reference to Consolidated Ind AS Financial Statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding 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 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Ind AS Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Ind AS Financial Statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Consolidated Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Ind AS Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Ind AS Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 Consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Ind AS Financial Statements.

Meaning of Internal Financial Controls with reference to Consolidated Ind AS Financial Statements

A company's internal financial controls with reference to Consolidated Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Consolidated Ind AS 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 Consolidated Ind AS 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 Consolidated Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Ind AS Financial Statements

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership Number: 203491

Place: Chennai
Date: 24 April 2019

Consolidated Balance Sheet

as at 31 March 2019

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Note	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3 (a)	13,227	10,121
Capital work-in-progress	3 (a)	2,737	1,554
Investment property	3 (b)	400	-
Intangible assets	4	141	183
Financial assets			
(ii) Derivative assets		677	1,078
(iii) Other financial assets	5(a)	208	81
Deferred tax assets (net)	6	915	724
Income tax assets (net)		629	506
Other non-current assets	7(a)	460	441
Total non-current assets		**19,394**	**14,688**
Current assets			
Inventories	8	434	860
Financial assets			
(i) Investments	9	7,160	1,577
(ii) Trade receivables	10	3,387	2,668
(iii) Cash and cash equivalents	11(a)	1,652	2,527
(iv) Bank balances other than (iii) above	11(b)	2,717	7,147
(v) Derivative assets		699	886
(vi) Other financial assets	5(b)	930	911
Other current assets	7(b)	662	626
Total current assets		**17,641**	**17,202**
Total assets		**37,035**	**31,890**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12 (a)	2,000	2,000
Other equity	12 (b)	17,684	15,204
Total equity		**19,684**	**17,204**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	13(a)	3,617	5,855
(ii) Derivative liabilities		296	118
Provisions	14(a)	374	290
Other non-current liabilities	15(a)	1,778	587
Total non-current liabilities		**6,065**	**6,850**
Current liabilities			
Financial liabilities			
(i) Borrowings	13(b)	1,907	781
(ii) Trade payables	16		
Total outstanding dues of micro and small enterprises		142	30
Total outstanding dues of creditors other than micro and small enterprises		2,093	2,005
(iii) Derivative liabilities		97	13
(iv) Other financial liabilities	17	3,440	2,047
Provisions	14(b)	210	135
Income tax liabilities (net)		158	128
Other current liabilities	15(b)	3,239	2,697
Total current liabilities		**11,286**	**7,836**
Total equity and liabilities		**37,035**	**31,890**

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Chennai
April 24, 2019

for and on behalf of **Board of Directors of Syngene International Limited**

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 24, 2019

Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
INCOME			
Revenue from operations	18	18,256	14,231
Other income	19	751	618
Total income		**19,007**	**14,849**
EXPENSES			
Cost of chemicals, reagents and consumables consumed	20	5,053	3,952
Changes in inventories of finished goods and work-in-progress	21	260	(135)
Employee benefits expense	22	4,727	3,796
Finance costs	23	323	227
Depreciation and amortisation expense	24	1,642	1,314
Other expenses	25	2,829	2,709
Foreign exchange fluctuation (gain)/loss, net		19	(739)
Total expenses		**14,853**	**11,124**
Profit before tax and exceptional item		4,154	3,725
Exceptional item	35	-	-
Profit before tax		**4,154**	**3,725**
Tax expense	30		
Current tax		867	794
Deferred tax			
MAT credit entitlement		(44)	(182)
Other deferred tax		15	59
Total tax expense		**838**	**671**
Profit for the year		**3,316**	**3,054**
Other comprehensive income			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans		(45)	(10)
Income tax effect		11	2
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(819)	133
Income tax effect		151	(38)
Other comprehensive income for the year, net of taxes		**(702)**	**87**
Total comprehensive income for the year		**2,614**	**3,141**

Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Profit attributable to:			
Shareholders of the Company		3,316	3,054
Non-controlling interest		-	-
Profit for the year		**3,316**	**3,054**
Other comprehensive income attributable to:			
Shareholders of the Company		(702)	87
Non-controlling interest		-	-
Other comprehensive income for the year		**(702)**	**87**
Total comprehensive income attributable to:			
Shareholders of the Company		2,614	3,141
Non-controlling interest		-	-
Total comprehensive income for the year		**2,614**	**3,141**
Earnings per equity share	37		
Basic (in Rs)		16.77	15.47
Diluted (in Rs)		16.72	15.43

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Chennai
April 24, 2019

for and on behalf of **Board of Directors of Syngene International Limited**

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 24, 2019

Statement of Consolidated Cash Flows

for the year ended 31 March 2019

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

		Year ended 31 March 2019	Year ended 31 March 2018
I	**Cash flows from operating activities**		
	Profit for the year	3,316	3,054
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation expense	1,642	1,314
	Loss on assets scrapped	-	90
	Provision for doubtful receivables	(11)	32
	Bad debts written off	10	4
	Share based compensation expense	88	125
	Interest expense	299	227
	Unrealised foreign exchange loss	13	16
	Dividend income on current investments	-	(25)
	Net gain on sale of current investments	(44)	(294)
	Net gain on current investments measured at fair value through profit or loss	-	(55)
	Proceeds from insurance company	-	615
	Interest income	(707)	(238)
	Tax expenses	838	671
	Operating profit before working capital changes	**5,444**	**5,536**
	Movements in working capital		
	Decrease/ (increase) in inventories	426	(538)
	Decrease/ (increase) in trade receivables	(704)	(735)
	Decrease/ (increase) in other assets	(126)	(227)
	Increase/ (decrease) in trade payables, other liabilities and provisions	2,225	1,234
	Cash generated from operations	**7,265**	**5,270**
	Income taxes paid (net of refunds)	(961)	(808)
	Net cash flow generated from operating activities	**6,304**	**4,462**
II	**Cash flows from investing activities**		
	Purchase of tangible assets	(5,815)	(3,566)
	Purchase of intangible assets	(18)	(71)
	Purchase of investment property	(76)	-
	Investment in bank deposits and inter corporate deposits	(12,987)	(9,148)
	Redemption/ maturity of bank deposits and inter corporate deposits	10,817	4,929
	Dividend received	-	25
	Interest received	553	162
	Proceeds from sale of current investments	8,876	13,628
	Purchase of current investments	(7,815)	(9,452)
	Net cash flow used in investing activities	**(6,465)**	**(3,493)**

Statement of Consolidated Cash Flows

for the year ended 31 March 2019

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

		Year ended 31 March 2019	Year ended 31 March 2018
III	**Cash flows from financing activities**		
	Proceeds from exercise of share options	19	48
	Proceeds/(repayment) from long term borrowings	(1,291)	(193)
	Proceeds/ (repayments) from short term borrowings, net	1,088	(174)
	Dividend paid on equity shares including tax thereon	(241)	(241)
	Interest paid	(299)	(227)
	Net cash flow used in financing activities	**(724)**	**(787)**
IV	**Net increase/(decrease) in cash and cash equivalents (I+II+III)**	(885)	182
V	**Effect of exchange difference on cash and cash equivalents held in foreign currency**	10	-
VI	**Cash and cash equivalents at the beginning of the year**	2,527	2,345
VII	**Cash and cash equivalents at the end of the year (IV+V+VI)**	**1,652**	**2,527**
	Components of cash and cash equivalents as at the end of the year		
	Cash on hand	-	-
	Balances with banks	1,652	1,477
	Deposits with maturity of less than 3 months	-	1,050
	Total cash and cash equivalents [refer note 11(a)]	**1,652**	**2,527**

Change in liability arising from financing activities

	1 April 2018	Cash Flow	Foreign exchange loss	31 March 2019
Borrowings (including current maturities)	7,874	(203)	462	8,133
	7,874	**(203)**	**462**	**8,133**

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Chennai
April 24, 2019

for and on behalf of **Board of Directors of Syngene International Limited**

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 24, 2019

Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

(A) Equity share capital

	31 March 2019	31 March 2018
Opening balance	2,000	2,000
Changes in equity share capital	-	-
Closing balance	**2,000**	**2,000**

(B) Other equity [refer note 12(b)]

Particulars	Reserves and surplus						Items of other comprehensive income		Total other equity
	Securities premium	General reserve	Treasury shares	Retained earnings	Special Economic Zone (SEZ) reinvestment reserve	Share based payment	Cash flow hedging reserves	Other items of other comprehensive income	
Balance as at 1 April 2017	1,088	47	(113)	10,026	-	252	893	(62)	12,131
Profit for the year	-	-	-	3,054	-	-	-	-	3,054
Other comprehensive income, net of tax	-	-	-	-	-	-	95	(8)	87
Total comprehensive income for the year	**-**	**-**	**-**	**3,054**	**-**	**-**	**95**	**(8)**	**3,141**
Transactions recorded directly in equity									
Dividend including dividend distribution tax	-	-	-	(241)	-	-	-	-	(241)
Exercise of share options	95	-	44	4	-	(95)	-	-	48
Share based payment	-	-	-	-	-	125	-	-	125
Balance as at 31 March 2018	**1,183**	**47**	**(69)**	**12,843**	**-**	**282**	**988**	**(70)**	**15,204**
Profit for the year	-	-	-	3,316	-	-	-	-	3,316
Other comprehensive income, net of tax	-	-	-	-	-	-	(668)	(34)	(702)
Total comprehensive income for the year	**-**	**-**	**-**	**3,316**	**-**	**-**	**(668)**	**(34)**	**2,614**
Transactions recorded directly in equity									
Dividend including dividend distribution tax	-	-	-	(241)	-	-	-	-	(241)
Exercise of share options	90	-	23	(4)	-	(90)	-	-	19
Transfer to SEZ reinvestment reserve	-	-	-	(450)	450	-	-	-	-
Transfer from SEZ reinvestment reserve	-	-	-	450	(450)	-	-	-	-
Share based payment	-	-	-	-	-	88	-	-	88
Balance as at 31 March 2019	**1,273**	**47**	**(46)**	**15,914**	**-**	**280**	**320**	**(104)**	**17,684**

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Chennai
April 24, 2019

for and on behalf of **Board of Directors of Syngene International Limited**

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 24, 2019

Notes to the consolidated financial statements

for the year ended 31 March 2019

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

1. COMPANY OVERVIEW

1.1 Reporting entity

Syngene International Limited ("Syngene" or "the parent company" or "the Company"), together with its subsidiary (collectively, the "Group") is engaged in providing contract research and manufacturing services from lead generation to clinical supplies to pharmaceutical and biotechnology companies worldwide. Syngene's services include integrated drug discovery and development capabilities in medicinal chemistry, biology, in vivo pharmacology, toxicology, custom synthesis, process R&D, cGMP manufacturing, formulation and analytical development along with Clinical development services. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka, India. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

1.2 Basis of preparation of financial statements

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company had incorporated its wholly owned overseas subsidiary, Syngene USA Inc., USA ('the Subsidiary') during the year ended 31 March 2018 and operational from 1 November 2017.

These consolidated financial statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, 31 March 2019. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on 24 April 2019.

Details of the Group's accounting policies are included in Note 2.

b) Functional and presentation currency

These consolidated financial statements are presented in Indian rupees (INR), which is also the functional currency of the parent company. All amounts have been rounded-off to the nearest million, unless otherwise indicated. In respect of subsidiary whose operations are self-contained and integrated, the functional currency has been determined to be the currency of the primary economic environment in which the entity operates. Accordingly, the financial statements of Syngene USA Inc. has been prepared in United States Dollar (USD).

c) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for the following items:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value;
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations;

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 1.2(b) — Assessment of functional currency;
- Note 2(c) and 28 — Financial instruments;
- Note 2(d), 2(e) and 2(f) — Useful lives of property, plant and equipment, investment property and intangible assets;
- Note 2(l) and 18 — Revenue Recognition: whether revenue from sale of compounds is recognised over time or at a point in time;
- Note 2(n), 30 and 31 — Provision for income taxes and related tax contingencies;
- Note 2(p) — Lease classification;
- Note 27 — measurement of defined benefit obligation; key actuarial assumptions; and
- Note 34 — Share based payments;

1.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

— Note 2(i)(i) and 28 – impairment of financial assets;

— Note 2(i)(ii) – impairment of non-financial assets;

— Note 27 – measurement of defined benefit obligations: key actuarial assumptions; and

— Note 14 and 31 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

1.4 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

— Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

— Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

— Note 2(c) and 28 – financial instruments;

— Note 3(b) – investment property; and

— Note 34 – share based payment arrangements;

2 SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

i. Subsidiary

Subsidiary is entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of the Group are consolidated on line-by-line basis. Intra-group transactions, balances and any unrealised gains arising from intra-group transactions, are eliminated. Unrealised losses are eliminated, but only to the extent that there is no evidence of impairment. All temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions are recognised as per Ind AS 12, Income Taxes.

For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiary has been kept consistent with the policies adopted by the Group.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

ii. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in statement of profit or loss.

b. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

Under previous GAAP exchange differences arising on restatement of long-term foreign currency monetary items related to acquisition of depreciable assets was added to/ deducted from the cost of the depreciable assets. In accordance with Ind AS 101 First time adoption of Indian Accounting Standards the Group continues the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements as on 31 March 2016.

ii. Foreign operations

The assets and liabilities of foreign operations (subsidiary) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency translation differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

c. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

— amortised cost;

— FVOCI – debt investment;

— FVOCI – equity investment; or

— FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

— the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

— the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 28 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

vi. Treasury shares

The Company has created an Employee Welfare Trust (EWT) for providing share-based payment to its employees. Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. When the treasury shares are issued to the employees by EWT, the amount received is recognised as an increase in equity and the resultant gain / (loss) is transferred to / from securities premium.

vii. 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 Group's cash management.

Cash dividend to equity holders

The Group recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

d. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Exchange differences arising on long-term foreign currency monetary items initially recognised in the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

ii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and land under perpetual lease are not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-11 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	10 years or lease period whichever is lower	

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

iii. **Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

e. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Based on technical evaluation and consequent advice, the management believes a period of 3 to 25 years as representing the best estimate of the period over which investment property (which are quite similar) are expected to be used. Accordingly, the Group depreciates investment property over a period of 3 to 25 years on a straight-line basis. The estimated useful life of assets in investment property are different from the indicative useful lives of relevant type of asset mentioned in Part C of Schedule II to the act as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-11 years	8-20 years
Computers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years

Any gain or loss on disposal of an investment property is recognised in statement of profit and loss.

f. Intangible assets

Internally generated: Research and Development:

Expenditure on research activities is recognised in statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

i. **Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

ii. **Amortisation**

Intangible assets are amortised on a straight line basis over the estimated useful life as follows:

— Computer software 5 years

— Intellectual property right 5-10 years

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

g. Business combination

In accordance with Ind AS 103, *Business combinations*, the Group accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Group (see Note 4). The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

h. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Chemicals, reagents and consumables held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

i. Impairment

i. Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (“ECL”) model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

ii. Impairment of non-financial assets

The Group assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset’s recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount in the statement of profit and loss.

The Group’s non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or groups of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j. Employee benefits

i. Gratuity

The Group provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Group recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

ii. Provident Fund

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

iii. Compensated absences

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised is the period in which the absences occur.

iv. Share-based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

k. Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

l. Revenue from contracts with customers

The Group has implemented new standard Ind-AS 115 'Revenue from Contracts with Customers' effective 1 April 2018 using cumulative effect method. The adoption of this Standard did not have a material impact on the Revenue from operations and statement of profit and loss for the year ended 31 March 2019. Comparative periods were not restated given the Group adopted the standard using the cumulative effect approach.

i. Contract research and manufacturing services income

The Group derives revenues primarily from Contract research and manufacturing services income. Revenue is recognised upon transfer of control of promised services or compounds to customers in an amount that reflects the consideration we expect to receive in exchange for those services or compounds.

Arrangement with customers for Contract research and manufacturing services income are either on a time-and-material basis, fixed price or on a sale of compounds.

In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts.

Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Group monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

In respect of contracts involving sale of compounds arising out of contract research, revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

The consideration received by the Group in exchange for its goods may be fixed or variable. Variable consideration is only recognised when it is considered highly probable that a significant revenue reversal will not occur once the underlying uncertainty related to variable consideration is subsequently resolved.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The Group collects service tax and sales taxes, as applicable, on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

ii. **Rental income**

Rental income from investment property is recognised in statement of profit and loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

iii. **Contribution received from customers towards property, plant and equipment**

Contributions received from customers towards items of property, plant and equipment which require an obligation to supply services to the customer in the future, are recognised as a credit to deferred revenue. The contribution received is recognised as revenue from operations over the useful life of the assets. The Group capitalises the gross cost of these assets as the Group controls these assets.

iv. **Dividends**

Dividend income is recognised when the Group's right to receive dividend is established by the reporting date.

v. **Interest Income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

m. Government grants

The Group recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortised over the useful life of such asset. Grants related to income are recognised in statement of profit and loss as other operating revenues.

n. Income taxes

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when:

— taxable temporary differences arising on the initial recognition of goodwill;

— temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;

— temporary differences related to investments in subsidiary to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Group offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

o. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

p. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

ii. Assets held under lease

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Group's Balance sheet.

iii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

q. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

r. Recent Indian Accounting Standards (Ind AS)

Ind AS 116 – Leases

On 30 March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 '*Leases*' (new lease standard), which replaces Ind AS 17 '*Leases*', including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group will adopt these standards, effective from 1 April 2019. The adoption of this standard is not expected to have a material impact on the consolidated financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

On 30 March 2019 , the Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax credits and tax rates, when there is uncertainty over Income Tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatments, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (or loss), tax base, unused tax losses, unused tax credits and tax rates.

The standard permits two possible method of transition – i) Full retrospective approach- Under this approach, Appendix C will be applied retrospectively to each reporting period presented in accordance with Ind AS 8 – *Accounting policies, Changes in Accounting Estimates and Errors*, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual period beginning on or after 1 April 2019. The Group is in the process of evaluating the impact of the new standard and decide the approach once the said evaluation has been completed.

The adoption of this amendment is not expected to be material on the consolidated financial statements.

Amendments to Ind AS 12 - Income taxes

On 30 March 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarified that an entity shall recognise the income tax consequences of dividend in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Group is currently evaluating the effect of this amendment on the consolidated financial statements.

Amendment to Ind AS 19- plan amendment, curtailment or settlement

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendment require an entity:

— To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

— To recognise in profit or loss as part of past of service cost, or a gain or loss on settlement, any reduction in a surplus, even is that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1 April 2019.The adoption of this amendment is not expected to have a material impact on the consolidated financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The adoption of this standard is not expected to have a material impact on the consolidated financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The adoption of this standard is not expected to have a material impact on the consolidated financial statements.

3 (a) PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

	Land [refer note (a)]	Buildings [refer note (c)]	Plant and equipment [refer note (b)]	Office equipments	Furniture and fixtures	Vehicles	Leasehold Improvements	Total	Capital work-in-progress
Gross carrying amount									
At 1 April 2017	597	2,406	9,758	69	254	15	-	13,099	1,749
Additions	-	496	2,826	31	52	18	172	3,595	3,400
Disposals / other adjustments	-	(10)	(357)	-	(11)	-	-	(378)	(3,595)
At 31 March 2018	**597**	**2,892**	**12,227**	**100**	**295**	**33**	**172**	**16,316**	**1,554**
Additions	106	455	4,332	22	97	-	-	5,012	6,195
Transfer to investment property [refer note (f)]	-	(34)	(384)	(1)	(3)	-	-	(422)	-
Disposals / other adjustments	-	-	-	-	-	(3)	-	(3)	(5,012)
At 31 March 2019	**703**	**3,313**	**16,175**	**121**	**389**	**30**	**172**	**20,903**	**2,737**
Accumulated depreciation									
At 1 April 2017	-	456	4,528	43	123	5	-	5,155	-
Depreciation for the year	-	106	1,098	14	33	5	10	1,266	-
Disposals	-	(3)	(214)	-	(9)	-	-	(226)	-
At 31 March 2018	**-**	**559**	**5,412**	**57**	**147**	**10**	**10**	**6,195**	**-**
Depreciation for the year	-	127	1,322	24	44	9	17	1,543	-
Transfer to investment property	-	-	(59)	-	-	-	-	(59)	-
Disposals	-	-	-	-	-	(3)	-	(3)	-
At 31 March 2019	**-**	**686**	**6,675**	**81**	**191**	**16**	**27**	**7,676**	**-**
Net carrying amount									
At 31 March 2018	**597**	**2,333**	**6,815**	**43**	**148**	**23**	**162**	**10,121**	**1,554**
At 31 March 2019	**703**	**2,627**	**9,500**	**40**	**198**	**14**	**145**	**13,227**	**2,737**

Notes:

(a) Land includes land held on lease under perpetual basis: Gross carrying amount - Rs. 661 (31 March 2018 - Rs. 555).

(b) Plant and equipment includes computers.

(c) Buildings with a cost of Rs. 3,154 (31 March 2018 - Rs. 2,733) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited, the holding Company.

(d) Foreign exchange (gain)/loss of Rs. 289 [31 March 2018 - (Rs. 142)] on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset.

(e) Additions to property, plant and equipment includes additions related to finance costs capitalised during the year amounting to Rs. 20 (31 March 2018 - Rs. 2).

(f) During the year ended 31 March 2019, a portion of facility was reclassified as investment property [refer note 3(b)], as the Company leased out the facility to a related party.

3 (b) INVESTMENT PROPERTY

Gross carrying amount	
At 1 April 2017	-
Additions	-
At 31 March 2018	-
Transfer from property, plant and equipment	422
Additions	76
At 31 March 2019	**498**
Accumulated depreciation	
At 1 April 2017	-
Depreciation for the year	-
At 31 March 2018	-
Transfer from property, plant and equipment	59
Depreciation for the year	39
At 31 March 2019	**98**
Net carrying amount	
At 31 March 2018	**-**
At 31 March 2019	**400**

Note:

(a) During the year, the Company has recognised rental income of Rs. 221 (31 March 2018 - Rs. Nil) in the statement of profit and loss for investment property. The fair value of investment property as at 31 March 2019 is Rs. 400 (31 March 2018 - Rs. Nil).

(b) Investment property with a cost of Rs. 34 (31 March 2018 - Nil) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.

4. INTANGIBLE ASSETS

	Computer software	Intellectual property right	Total
Gross carrying amount			
At 1 April 2017	100	120	220
Additions	71	-	71
Disposals	-	-	-
At 31 March 2018	**171**	**120**	**291**
Additions	18	-	18
Disposals	-	-	-
At 31 March 2019	**189**	**120**	**309**
Accumulated amortisation			
At 1 April 2017	46	14	60
Amortisation for the year	24	24	48
Disposals	-	-	-
At 31 March 2018	**70**	**38**	**108**
Amortisation for the year	36	24	60
Disposals	-	-	-
At 31 March 2019	**106**	**62**	**168**
Net carrying amount			
At 31 March 2018	**101**	**82**	**183**
At 31 March 2019	**83**	**58**	**141**

5. OTHER FINANCIAL ASSETS

	31 March 2019	31 March 2018
(a) Non-current		
Security deposits	208	81
	208	**81**
(b) Current		
Recoverable from insurance company (refer note 35)	240	217
Other receivables [refer note 26]	207	64
Interest accrued but not due	228	74
Unbilled revenues	255	556
	930	**911**

6. DEFERRED TAX ASSETS (NET) (REFER NOTE 30(b))

	31 March 2019	31 March 2018
Deferred tax asset		
MAT credit entitlement	1,125	1,081
Employee benefit obligations	99	76
Others	22	27
	1,246	**1,184**
Deferred tax liability		
Derivatives, net	34	185
Property, plant and equipment, investment property and intangible assets, net	297	256
Others	-	19
	331	**460**
Deferred tax assets (net)	**915**	**724**

7. OTHER ASSETS

	31 March 2019	31 March 2018
(a) Non-current		
Capital advances	327	176
Balances with statutory / government authorities	55	186
Prepayments	78	79
	460	**441**
(b) Current		
Advances other than capital advances	34	31
Export incentive receivables	409	370
Balances with statutory / government authorities	5	28
Prepayments	214	197
	662	**626**

8. INVENTORIES

	31 March 2019	31 March 2018
Chemicals, reagents and consumables *	376	542
Work-in-progress	51	235
Finished goods	7	83
	434	**860**

* includes goods in-transit Rs. 11 (31 March 2018 - Rs. 29)

9. INVESTMENTS

	31 March 2019	31 March 2018
(a) Current investments		
Investments In mutual funds (quoted) (Non trade)		
Aditya Birla Sun Life Liquid Fund - 567,252 (31 March 2018: 435,364) units of Rs. 300 (31 March 2018: Rs. 279) each	170	121
Aditya Birla Sun Life Savings Fund - Nil (31 March 2018: 496,963) units of Rs. Nil (31 March 2018 - Rs.342) each	-	170
Axis Banking and PSU Debt Fund - Nil (31 March 2018: 11,184) units of Rs. Nil (31 March 2018: Rs. 1,603) each	-	18
DSP Liquidity Fund - 20,604 (31 March 2018: Nil) units of Rs. 2,672 (31 March 2018: Rs. Nil) each	55	-
HDFC FMP 92D February 2018 - Nil (31 March 2018: 15,000,000) units of Rs. Nil (31 March 2018: Rs. 10) each	-	151
HDFC Liquid Fund - 14,975 (31 March 2018: Nil) units of Rs. 3,676 (31 March 2018: Rs. Nil) each	55	-
ICICI Prudential Flexible Income Fund - Nil (31 March 2018: 81,749) units of Rs. Nil (31 March 2018: Rs.333) each	-	27
ICICI Prudential Liquid Fund - 271,979 (31 March 2018: Nil) units of Rs. 276 (31 March 2018: Rs. Nil) each	75	-
Invesco India Liquid Fund - 21,407 (31 March 2018: Nil) units of Rs. 2,571 (31 March 2018: Rs. Nil) each	55	-
IDFC Ultra Short Term Fund - Nil (31 March 2018: 28,457,666) units of Rs. Nil (31 March 2018 - Rs.25) each	-	705
SBI Liquid Fund - 18,812 (31 March 2018: Nil) units of Rs. 2,927 (31 March 2018 - Rs. Nil) each	55	-
Tata Liquid Fund - 13,602 (31 March 2018: Nil) units of Rs. 2,943 (31 March 2018 - Rs. Nil) each	40	-
UTI Liquid Fund Cash Plan - 17,998 (31 March 2018: 17,772) units of Rs. 3,060 (31 March 2018: Rs. 2,845) each	55	50
UTI Treasury Advantage Fund - Nil (31 March 2018: 140,087) units of Rs. Nil (31 March 2018: Rs. 2,395) each	-	335
	560	1,577
Unquoted - In Others		
Inter corporate deposits with financial institutions *	6,600	-
	7,160	**1,577**
* Inter corporate deposits with financial institutions yield fixed interest rate.		
Aggregate value of quoted investments	560	1,577
Aggregate value of unquoted investments	6,600	-

10. TRADE RECEIVABLES

	31 March 2019	31 March 2018
Unsecured		
Considered good (refer note 26)	3,387	2,668
Considered doubtful	53	64
	3,440	2,732
Allowance for credit losses	(53)	(64)
	3,387	**2,668**
The above includes :		
Due from Narayana Hrudayalaya Limited ('NHL') in which a director of the Company is a member of board of directors.	1	1

The Group's exposure to credit and currency risks, and loss allowances are disclosed in note 28.

11. CASH AND BANK BALANCES

	31 March 2019	31 March 2018
(a) Cash and cash equivalents		
Cash on hand	-*	- *
Balances with banks (on current accounts)	1,652	1,477
Deposits with original maturity of less than 3 months	-	1,050
	1,652	**2,527**
(b) Bank balances other than above		
Deposits with maturity of less than 12 months	2,717	7,147
Total cash and bank balances	**4,369**	**9,674**

* Less than Rs. 0.5 million.

(i) The Company has Balances with banks (on unpaid dividend account) which are not disclosed above since amounts are rounded off to Rupees million.

12 (a) EQUITY SHARE CAPITAL

	31 March 2019	31 March 2018
Authorised		
250,000,000 (31 March 2018: 250,000,000) equity shares of Rs. 10 each (31 March 2018 - Rs. 10 each)	2,500	2,500
Issued, subscribed and fully paid-up		
200,000,000 (31 March 2018: 200,000,000) equity shares of Rs. 10 each (31 March 2018 - Rs. 10 each)	2,000	2,000
	2,000	**2,000**

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	31 March 2019		31 March 2018	
	No.	Rs	No.	Rs
At the beginning of the year	200,000,000	2,000	200,000,000	2,000
Issued during the year	-	-	-	-
At the end of the year	**200,000,000**	**2,000**	**200,000,000**	**2,000**

(ii) Terms / 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. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of shares held by holding company and their subsidiaries

	31 March 2019		31 March 2018	
	No.	% holding	No.	% holding
Equity shares of Rs. 10 each fully paid				
Biocon Limited (holding company)	140,487,386	70.24%	145,217,843	72.61%
Biocon Research Limited (subsidiary of Biocon Limited)	-	-	1,866,673	0.93%

(iv) Details of shareholders holding more than 5% shares in the Company

	31 March 2019		31 March 2018	
	No.	% holding	No.	% holding
Equity shares of Rs 10 each fully paid				
Biocon Limited	140,487,386	70.24%	145,217,843	72.61%

(v) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	31 March 2019	31 March 2018
Equity shares allotted as fully paid bonus shares by capitalization of securities premium #	171,931,136	171,931,136
Equity shares allotted as fully paid pursuant to contracts for consideration other than cash @	4,641,999	3,614,036

The Company issued fully paid bonus shares of 171,931,136 (Face value: Rs. 10 per share) in ratio of 1:6.1253329 on 27 March 2015 by capitalisation of securities premium pursuant to the approval of the shareholders of the Company at the EGM held on 16 March 2015.

@ Syngene Employees Welfare Trust transferred equity shares to eligible employees upon meeting of the vesting conditions as per Syngene Employee Stock Option Plan 2011. The consideration other than exercise price was received in form of employee services.

(vi) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 34.

12(b) OTHER EQUITY

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Retained earnings

The amount represents surplus in statement of profit and loss not transferred to any reserve and can be distributed by the Company as dividends to its equity shareholders. The amount also includes retained earnings of Syngene Employee Welfare Trust.

Share based payment reserve

The Company has established share based payment plan for certain categories of employees of the Company. Also refer Note 34 for further details on these plans.

Treasury shares

The amount represents cost of own equity instruments that are acquired [treasury shares] by the ESOP trust and is disclosed as a deduction from other equity.

Cash flow hedging reserves

The cash flow hedging reserve represents the cumulative effective portion of gains or losses (net of tax) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

Special Economic Zone (SEZ) reinvestment reserve

The SEZ Re-Investment reserve has been created out of profit of eligible SEZ units in terms of the provisions of Section 10AA(1)(ii) of the Income-Tax Act, 1961. The reserve has been utilised for acquiring new plant and machinery for the purpose of its business in terms of section 10AA(2) of the Income-Tax Act, 1961.

13. BORROWINGS

	31 March 2019	31 March 2018
(a) Non-current borrowings		
Term loans from banks		
Buyers credit loan(secured) [refer note (i) below]	-	418
External commercial borrowings(secured) [refer note (ii) below]	6,066	6,508
Finance lease obligations(unsecured) [refer note (v) below]	160	167
	6,226	**7,093**
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(2,609)	(1,238)
	3,617	**5,855**
(b) Current borrowings		
Term loans from banks		
Pre shipment credit(unsecured) [refer note (iii) and (iv) below]	1,907	781
	1,907	**781**
The above amount includes		
Secured borrowings	6,066	6,926
Unsecured borrowings	2,067	948
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(2,609)	(1,238)
	5,524	**6,636**

Notes:

(i) The Company had obtained foreign currency denominated long term secured buyer's credit loans of Rs. 418 (USD 6.42 million) as of 31 March 2018 from HSBC Bank (Mauritius) Limited that carried interest rate in the range of Libor + 0.60% to Libor + 0.80%. The loan was guaranteed by Hongkong and Shanghai Banking Corporation Limited, India to HSBC Bank (Mauritius) Limited. All of the credit facilities provided by Hongkong and Shanghai Banking Corporation Limited, India were secured by a pari passu charge on the current assets and movable fixed assets of the Company. The loans were repayable at end of 960 days to 1,079 days from the date of its origination.

(ii) (a) The Company entered into External Commercial Borrowing agreement with The Hongkong and Shanghai Banking Corporation Limited (the Agent) dated 30 March 2016 to borrow USD 100 million comprising (a) USD 50 million term loan facility ('Facility A'); and (b) USD 50 million term loan facility ('Facility B'). The facilities are borrowed to incur capital expenditure at Bengaluru and Mangaluru premises of the Company.

(b) 'Facility A' of USD 50 million carries an interest rate of Libor + 1.04% and is repayable in two instalments of USD 12.5 million in March 2019 and USD 37.5 million in March 2020; and 'Facility B' of USD 50 million carries an interest rate of Libor + 1.30% and is repayable in March 2021.

(c) The facilities provided are secured by first priority pari passu charge on fixed assets and second charge on current assets of the Company.

(iii) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of Rs. 693 (USD 10 million) [31 March 2018 - Rs. Nil] from the Hongkong and Shanghai Banking Corporation Limited that carries interest rate of Monthly Libor + 1.02% to 1.08%. The loans are repayable after the end of 6 months from the date of its origination.

(iv) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of Rs. 1,214 (USD 17.5 million) [31 March 2018 - Rs. 781 (USD 12 million)] from HDFC Bank Limited that carries interest rate of Libor + 0.60% [31 March 2018 - Libor + 0.60%]. The loans are repayable after the end of 6 months from the date of its origination.

(v) The Company has obtained lease of utilities for its office use from Velankani Information Systems Limited (VISL) on a ten year non-cancellable basis. Finance Lease obligations reflect present value of such discounted monthly payments payable to VISL over the tenure of the lease contract.

(vi) Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 28.

14. PROVISIONS

	31 March 2019	31 March 2018
(a) Non-current		
Provision for employee benefits		
Gratuity (refer note 27)	374	290
	374	**290**
(b) Current		
Provision for employee benefits		
Gratuity (refer note 27)	33	30
Compensated absences	177	105
	210	**135**

15. OTHER LIABILITIES

	31 March 2019	31 March 2018
(a) Non-current		
Deferred rent liability	24	24
Deferred revenues	1,754	563
	1,778	**587**
(b) Current		
Advances from customers	2,676	2,335
Deferred revenues	209	156
Others		
- Statutory dues	101	95
- Other dues	253	111
	3,239	**2,697**

16. TRADE PAYABLES

	31 March 2019	31 March 2018
Trade payables [refer note (a) below and note 26]		
Total outstanding dues of micro and small enterprises	142	30
Total outstanding dues of creditors other than micro and small enterprises	2,093	2,005
	2,235	**2,035**
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 ("MSMED Act")		
(i) The principal amount and interest due thereon remaining unpaid to supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprise	142	30
- Interest due on above	- *	- *
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	243	126
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(iv) Interest accrued and remaining unpaid at the end of the year	4	2
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	11	7

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors.

* Less than Rs. 0.5 million.

(b) All Trade Payables are 'current'. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 28.

17. OTHER FINANCIAL LIABILITIES

	31 March 2019	31 March 2018
Current maturities of long term borrowings with Banks (refer note 13(a))	2,609	1,238
Payable for capital goods	734	632
Book overdraft	97	177
	3,440	**2,047**

(i) The Company has unpaid dividends which are not disclosed above since amounts are rounded off to Rupees million.

18. REVENUE FROM OPERATIONS

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of services		
Contract research and manufacturing services income	17,156	13,245
Other operating revenues		
Scrap sales	28	24
Export incentives [refer note (a) below]	548	737
Others [refer note (b) below]	524	225
	18,256	**14,231**

Note:

(a) Export incentives include Rs. Nil (31 March 2018 - Rs. 456) relating to previous years. These were recorded in previous year due to certainty in realisation of export incentives.

(b) Others include income from support services, rentals by the SEZ Developer and release from deferred revenue for assets funded by customers over the useful life.

18.1 DISAGGREGATED REVENUE INFORMATION

	Year ended 31 March 2019
Set out below is the disaggregation of revenue:	
Revenues from Contract research and manufacturing services income by geography	
India	1,047
United States of America	12,576
Rest of the world	3,533
	17,156
Revenue from other sources	
Other operating revenues	1,100
	1,100
Total revenue from operations	**18,256**

Geographical revenue is allocated based on the location of the customers.

18.2 CONTRACT BALANCES

	Year ended 31 March 2019
Trade receivables [refer note (i) below]	3,387
Contract assets [refer note (ii) below]	-
Contract liabilities [refer note (iii) below]	4,639

Notes:

(i) Trade receivables are non-interest bearing.

(ii) The Company does not have contract assets as at 31 March 2019 and 31 March 2018.

(iii) Contract liabilities include advances from customers.

18.3 CHANGES IN CONTRACT LIABILITIES - ADVANCES FROM CUSTOMERS

	Year ended 31 March 2019
Balance at the beginning of the year	**3,054**
Add: Increase due to invoicing during the year	5,160
Less: Revenue recognised from advances from customers at the beginning of the year	(2,316)
Less: Amounts recognised as revenue during the year	(1,259)
Balance at the end of the year	**4,639**
Expected revenue recognition from remaining performance obligations:	
- Within one year	2,885
- More than one year	1,754
	4,639

18.4 PERFORMANCE OBLIGATION:

In relation to information about the Group's performance obligations in contracts with customers refer note 2(j).

18.5 EFFECTS ON ADOPTION OF IND AS 115

Revenues from Contracts with Customers establishes a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations, and recognising revenue when or as performance obligations are satisfied. The adoption of this Standard did not have a material impact on the Revenue from operations and statement of profit and loss for the year ended 31 March 2019. Comparative periods were not restated given the Group adopted the standard using the cumulative effect approach.

19. OTHER INCOME

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income on:		
Deposits with banks and financial institutions	703	236
Lease deposits	4	2
Tax refunds	-	5
Dividend income on current investments	-	25
Net gain on sale of current investments	44	294
Net gain on current investments measured at fair value through profit or loss	-	55
Other non-operating income	-	1
	751	**618**

20. COST OF CHEMICALS, REAGENTS AND CONSUMABLES CONSUMED

	Year ended 31 March 2019	Year ended 31 March 2018
Inventory at the beginning of the year	542	139
Add : Purchases	4,887	4,355
Less: Inventory at the end of the year	(376)	(542)
	5,053	**3,952**

21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	Year ended 31 March 2019	Year ended 31 March 2018
Inventories at the beginning of the year		
Work-in-progress	235	134
Finished goods	83	49
	318	**183**
Inventories at the end of the year		
Work-in-progress	51	235
Finished goods	7	83
	58	**318**
	260	**(135)**

22. EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	4,161	3,243
Contribution to provident fund and other funds	184	154
Gratuity expenses (refer note 27)	58	80
Share based compensation expense (refer note 34)	93	128
Staff welfare expenses	231	191
	4,727	**3,796**

23. FINANCE COSTS

	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense	299	227
Exchange difference to the extent considered as an adjustment to borrowing cost	24	-
	323	**227**

24. DEPRECIATION AND AMORTISATION EXPENSE

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of tangible assets [refer note 3 (a)]	1,543	1,266
Depreciation of investment property [refer note 3 (b)]	39	-
Amortisation of intangible assets [refer note 4]	60	48
	1,642	**1,314**

25. OTHER EXPENSES

	Year ended 31 March 2019	Year ended 31 March 2018
Rent	105	97
Communication expenses	24	16
Travelling and conveyance	279	239
Professional charges	334	333
Payments to auditors [refer note (a) below]	5	5
Directors' fees including commission	19	16
Power and fuel	413	347
Facility charges	124	149
Insurance	170	128
Rates and taxes	177	237
Repairs and maintenance		
Plant and machinery	532	391
Buildings	78	111
Others	247	165
Selling expenses		
Freight outwards and clearing charges	3	34
Sales promotion expenses	66	27
Commission	8	-
Provision for doubtful receivables	(1)	36
Bad debts written off	10	4
Less: Provision no longer required written back	(10)	(4)
Printing and stationery	41	30
Clinical trial expenses	96	143
Contributions towards CSR (refer note 36)	63	52
Loss on assets scrapped	-	90
Miscellaneous expenses	46	63
	2,829	**2,709**
(a) Payments to auditors:		
As an auditor:		
Statutory audit	2	2
Tax audit	1	1
Limited review	1	1
In other capacity:		
Other services (certification fees) [refer note (i) below]	-	-
Reimbursement of expenses	1	1
	5	**5**

(i) Amounts are not presented since the amounts are rounded off to Rupees million.

26. RELATED PARTY TRANSACTIONS

Related parties where control exists and related parties with whom transactions have taken place during the year are listed below:

Sl. No.	Name of the related party	Relationship	Description of transaction	Transaction value for year ended		Balance as at	
				31 March 2019 Expenses / (Income) / Other transactions	31 March 2018 Expenses / (Income) / Other transactions	31 March 2019 Payable / (Receivable) / Other transactions	31 March 2018 Payable / (Receivable)/ Other transactions
A.	**Remuneration paid to key management personnel**						
(a)	Jonathan Hunt	Director and Chief Executive Officer	Salary and perquisites [refer note (i) and (ii) below]	47	47	-	-
			Share based payments	42	47	-	-
(b)	M.B. Chinappa	Chief Financial officer	Salary and perquisites [refer note (i) below]	29	28	-	-
			Share based payments	-	2	-	-
(c)	Mayank Verma	Company Secretary	Salary and perquisites [refer note (i) below]	3	3	-	-
			Share based payments	- *	- *	-	-
(d)	Russell Walls	Independent director	Sitting fees and commission	3	3	1	1
(e)	Bala S. Manian	Independent director	Sitting fees and commission	3	3	1	1
(f)	Paul Blackburn	Independent director	Sitting fees and commission	4	3	1	1
(g)	Suresh Talwar	Independent director	Sitting fees and commission	3	3	1	1
(h)	Vijay Kuchroo	Independent director	Sitting fees and commission	3	2	1	1
(i)	Vinita Bali (w. e. f. 31 July 2017)	Independent director	Sitting fees and commission	2	2	1	1
(j)	Catherine Rosenberg	Non-executive director	Sitting fees and commission [refer note (iii) below]	1	- *	1	- *
(k)	John Shaw	Non-executive director	Sitting fees and commission [refer note (iii) below]	- *	-	- *	-
B.	**Others**						
(a)	Biocon Limited	Holding Company	Rent expense	54	65	-	-
			Power and facility charges [refer note (iv) below]	566	547	-	-
			Purchase of goods	9	3	-	-
			Other expenses reimbursed	69	55	-	-
			Purchase of assets	282	-	-	-
			Sale of services	(364)	(187)	-	-
			Final dividend	141	145	-	-
			Rent and facility services	(248)	-	-	-
			Funding towards Property, plant and equipment	(67)	-	-	-
			Trade payable	-	-	499	285
			Deferred rent liability	-	-	22	22
			Rent deposit paid	-	-	(23)	(23)
			Trade receivables	-	-	(312)	(254)
			Other receivables	-	-	(92)	-
			Guarantee given by Biocon Limited to CED on behalf of the Company	-	-	148	148

Sl. No.	Name of the related party	Relationship	Description of transaction	Transaction value for year ended		Balance as at	
				31 March 2019 Expenses / (Income) / Other transactions	31 March 2018 Expenses / (Income) / Other transactions	31 March 2019 Payable / (Receivable) / Other transactions	31 March 2018 Payable / (Receivable)/ Other transactions
(b)	Biocon Sdn. Bhd., Malaysia	Fellow subsidiary	Sale of services	(65)	(84)	-	-
			Trade receivables	-	-	(59)	(50)
			Trade payable	-	-	-	2
(c)	Biocon Pharma Limited	Fellow subsidiary	Sale of services	(81)	-	-	-
			Services availed	- *	-	-	-
			Trade receivables	-	-	(81)	-
			Trade payable	-	-	- *	-
(d)	Biocon Research Limited	Fellow subsidiary	Sale of services	(9)	(1)	-	-
			Final dividend	- *	2	-	-
			Trade receivables	-	-	(4)	(7)
(e)	Biocon SA, Switzerland	Fellow subsidiary	Sale of services	-	(3)	-	-
			Trade receivables	-	-	-	(3)
(f)	Biocon Biologics Limited, UK	Fellow subsidiary	Sale of services	(10)	(163)	-	-
			Trade receivables	-	-	(2)	(175)
(g)	Biocon Foundation	Trust #	Contribution towards CSR	63	52	-	-
(h)	Biocon Academy	Fellow subsidiary	Training Services	2	-	-	-
(i)	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of services	(1)	(1)	-	-
			Health services availed	8	- *	-	-
			Trade receivables	-	-	(1)	(1)
			Trade payables	-	-	1	- *
(j)	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Staff welfare expenses	4	4	-	-
			Trade payables	-	-	-	-

* Less than Rs. 0.5 million.

\# Trust in which Kiran Mazumdar Shaw is a Trustee.

Notes:

(i) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

(ii) Salary and perquisites of Jonathan Hunt includes contribution to provident fund of Rs. 3 relating to earlier period in financial year 2017 - 2018.

(iii) Pursuant to approval by the Board of Directors of the Company, the Non-executive non-independent directors of the Company have been entitled to receive remuneration by way of commission effective from quarter ended 31 March 2019.

(iv) Effective from 1 October 2006, the Company has entered into an arrangement for lease of land on an operating lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of Rs 144 (Year ended 31 March 2018 - Rs 157) and power charges (including other charges) of Rs 422 (Year ended 31 March 2018 - Rs 390) have been charged by Biocon Limited for the year ended 31 March 2019.

(v) Fellow subsidiary companies with whom the Group did not have any transactions -

Biocon FZ LLC, a subsidiary of Biocon Limited

Biocon Pharma Inc, USA - subsidiary of Biocon Limited

Biocon Biologics India Limited, India - subsidiary of Biocon Limited

Biocon Healthcare Sdn Bhd, Malaysia - subsidiary of Biocon Limited

(vi) The above disclosures include related parties as per IND-AS 24 on "Related Party Disclosures" and Companies Act, 2013.

(vii) All transactions with these related parties are priced on an arm's length basis and none of the balances are secured.

27. EMPLOYEE BENEFIT PLANS

(i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act'). Under the Gratuity Act, employee who has completed five years of service is entitled to specific benefit with no monetary limit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company makes contributions to a recognised fund in India.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on 1 April 2018	323	(3)	320
Current service cost	34	-	34
Interest cost	24	-	24
Amount recognised in Statement of profit and loss	**58**	**-**	**58**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	- *	- *
Actuarial (gain) / loss arising from:			
Demographic assumptions	(4)	-	(4)
Financial assumptions	30	-	30
Experience adjustment	19	-	19
Amount recognised in other comprehensive income	**45**	**-**	**45**
Benefits paid	(16)	-	(16)
	410	**(3)**	**407**

Balance as at 31 March 2019

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on 1 April 2017	241	(2)	239
Current service cost	53	-	53
Interest cost	27	-	27
Amount recognised in Statement of profit and loss	**80**	**-**	**80**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	(1)	(1)
Actuarial (gain) / loss arising from:			
Demographic assumptions	23	-	23
Financial assumptions	(29)	-	(29)
Experience adjustment	17	-	17
Amount recognised in other comprehensive income	**11**	**(1)**	**10**
Benefits paid	(9)	-	(9)
Balance as at 31 March 2018	**323**	**(3)**	**320**

* Less than Rs. 0.5 million.

	31 March 2019	31 March 2018
Non current	374	290
Current	33	30
	407	**320**
(ii) The assumptions used for gratuity valuation are as below:		
Interest rate	7.2%	7.7%
Discount rate	7.2%	7.7%
Expected return on plan assets	7.2%	7.7%
Salary increase	10.0%	9.0%
Attrition rate (based on Age of the Employee)	5% - 15%	5% - 16%
Retirement age - Years	58	58

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.
The weighted average duration of the defined benefit obligation was 9 years (31 March 2018 - 8 years).
The defined benefit plan exposes the Company to actuarial risks, such as interest rate risk.

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

Particulars	31 March 2019		31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate	(29)	33	(22)	25
Salary increase	32	(29)	24	(21)
Attrition rate	(7)	8	(4)	5

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

As of 31 March 2019 and 31 March 2018, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending 31 March 2019, is approximately Rs 34 (31 March 2018 - Rs 30).

Maturity profile of defined benefit obligation

Particulars	31 March 2019	31 March 2018
1st Following year	34	30
2nd Following year	33	29
3rd Following year	34	28
4th Following year	35	27
5th Following year	35	27
Years 6 to 10	170	140
Years 11 and above	467	355

28. FINANCIAL INSTRUMENTS: FAIR VALUE AND RISK MANAGEMENTS

A. Accounting classification and fair values

31 March 2019	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative assets (non-current)	-	677	-	677	-	677	-	677
Other financial assets (non-current)	-	-	208	208	-	-	-	-
Investments (current)	560	-	6,600	7,160	560	-	-	560
Trade receivables	-	-	3,387	3,387	-	-	-	-
Cash and cash equivalents	-	-	1,652	1,652	-	-	-	-
Bank balances other than above	-	-	2,717	2,717	-	-	-	-
Derivative assets (current)	-	699	-	699	-	699	-	699
Other financial assets (current)	-	-	930	930	-	-	-	-
	560	**1,376**	**15,494**	**17,430**	**560**	**1,376**	**-**	**1,936**
Financial liabilities								
Borrowings (non-current)	-	-	3,617	3,617	-	-	-	-
Derivative liabilities (non-current)	-	296	-	296	-	296	-	296
Borrowings (current)	-	-	1,907	1,907	-	-	-	-
Trade payables	-	-	2,235	2,235	-	-	-	-
Derivative liabilities (current)	-	97	-	97	-	97	-	97
Other financial liabilities (current)	-	-	3,440	3,440	-	-	-	-
	-	**393**	**11,199**	**11,592**	**-**	**393**	**-**	**393**

31 March 2018	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative assets (non-current)	-	1,078	-	1,078	-	1,078	-	1,078
Other financial assets (non-current)	-	-	81	81	-	-	-	-
Investments (current)	1,577	-	-	1,577	1,577	-	-	1,577
Trade receivables	-	-	2,668	2,668	-	-	-	-
Cash and cash equivalents	-	-	2,527	2,527	-	-	-	-
Bank balances other than above	-	-	7,147	7,147	-	-	-	-
Derivative assets (current)	19	867	-	886	-	886	-	886
Other financial assets (current)	-	-	911	911	-	-	-	-
	1,596	**1,945**	**13,334**	**16,875**	**1,577**	**1,964**	**-**	**3,541**
Financial liabilities								
Borrowings (non-current)	-	-	5,855	5,855	-	-	-	-
Derivative liabilities (non-current)	-	118	-	118	-	118	-	118
Borrowings (current)	-	-	781	781	-	-	-	-
Trade payables	-	-	2,035	2,035	-	-	-	-
Derivative liabilities (current)	-	13	-	13	-	13	-	13
Other financial liabilities (current)	-	-	2,047	2,047	-	-	-	-
	-	**131**	**10,718**	**10,849**	**-**	**131**	**-**	**131**

Measurement of fair values

Fair value of liquid mutual funds are based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Sensitivity analysis

For the fair values of forward/option contracts of foreign currencies, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects.

Significant observable inputs	Impact on profit or loss		Impact on other equity	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Movement in spot rate of the foreign currency				
INR/USD - Increase by 1%	-	(3)	(406)	(342)
INR/USD - Decrease by 1%	-	3	372	342
Movement in Interest rates				
LIBOR - Increase by 100 bps	-	-	(176)	(290)
LIBOR - Decrease by 100 bps	-	-	176	290

B. Financial risk management

The Group's activities expose it to a variety of financial risks : credit risk, market risk and liquidity risk.

(i) Risk management framework

The Group's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

(ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables and unbilled revenues) and from its investment activities, including deposits with banks and financial institutions, investments in mutual funds and other financial instruments.

The Group has established a credit mechanism under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables and unbilled revenue amounting to Rs. 3,642 (31 March 2018: Rs 3,224). The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for Impairment	31 March 2019	31 March 2018
Opening balance	64	32
Impairment loss recognised	(11)	32
Closing balance	**53**	**64**

Receivable from one customer (31 March 2018 - two customers) of the Group's receivables is Rs. 397 (31 March 2018 - Rs. 671) which is more than 10 percent of the Group's total receivables.

Credit risk on cash and cash equivalent is limited as the Group generally invests in deposits with banks having high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units and inter-corporate deposits with financial institutions.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Group maintains line of credits as stated in Note 13.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2019:

Particulars	Less than 1 year	1 - 2 years	2-5 years	5 - 10 years	Total
Borrowings (non-current)	2,609	3,477	47	93	6,226
Borrowings (current)	1,907	-	-	-	1,907
Trade payables	2,235	-	-	-	2,235
Derivative liabilities (non-current)	-	57	108	131	296
Derivative liabilities (current)	97	-	-	-	97
Other financial liabilities	831	-	-	-	831
Total	**7,679**	**3,534**	**155**	**224**	**11,592**

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2018:

Particulars	Less than 1 year	1 - 2 years	2-5 years	5 - 10 years	Total
Borrowings (non-current)	1,238	2,450	3,295	110	7,093
Borrowings (current)	781	-	-	-	781
Trade payables	2,035	-	-	-	2,035
Derivative liabilities (non-current)	-	2	24	92	118
Derivative liabilities (current)	13	-	-	-	13
Other financial liabilities	809	-	-	-	809
Total	**4,876**	**2,452**	**3,319**	**202**	**10,849**

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

Foreign currency risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently, the Group is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Group holds derivative instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

The currency profile of financial assets and financial liabilities as at 31 March 2019 and 31 March 2018 are as below:

31 March 2019	USD	EUR	Others	Total
Financial assets				
Trade receivables	2,768	53	-	2,821
Cash and cash equivalents	812	98	-	910
Other financial assets (current)	344	28	-	372
Financial liabilities				
Borrowings (non-current)	(3,466)	-	-	(3,466)
Borrowings (current)	(1,907)	-	-	(1,907)
Trade payables	(302)	(37)	(10)	(349)
Other financial liabilities (current)	(2,802)	(19)	(8)	(2,829)
Net assets / (liabilities)	**(4,553)**	**123**	**(18)**	**(4,448)**

31 March 2018	USD	EUR	Others	Total
Financial assets				
Trade receivables	2,284	75	-	2,359
Cash and cash equivalents	434	-	-	434
Other financial assets (current)	575	14	-	589
Financial liabilities				
Borrowings (non-current)	(5,695)	-	-	(5,695)
Borrowings (current)	(781)	-	-	(781)
Trade payables	(466)	(3)	(104)	(573)
Other financial liabilities (current)	(1,345)	(36)	(20)	(1,401)
Net assets / (liabilities)	**(4,994)**	**50**	**(124)**	**(5,068)**

Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign exchange forward/option contracts designated as cash flow hedges.

Particulars	Impact on profit or loss		Impact on other equity	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
USD Sensitivity				
INR/USD - Increase by 1%	(46)	(53)	(452)	(395)
INR/USD - Decrease by 1%	46	53	418	395
EUR Sensitivity				
INR/EUR - Increase by 1%	1	(1)	1	(1)
INR/EUR - Decrease by 1%	(1)	1	(1)	1

Derivative financial instruments

The following table gives details in respect of outstanding foreign exchange forward and option contracts:

Particulars	31 March 2019	31 March 2018
Foreign exchange forward contracts to buy	USD 436 (INR 30,256)	USD 383 (INR 24,916)
European style option contracts with periodical maturity dates	USD 150 (INR 10,370)	USD 190 (INR 12,368)
Interest rate swaps used for hedging LIBOR component in External Commercial Borrowings	USD 75 (INR 5,199)	USD 75 (INR 4,881)

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the year ended 31 March 2019 and 31 March 2018 the Group's borrowings at variable rate were mainly denominated in USD.

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	31 March 2019	31 March 2018
Variable rate borrowings	2,773	2,826
Fixed rate borrowings	5,360	5,048
Total borrowings	**8,133**	**7,874**

(b) Sensitivity

Fixed rate borrowings:

The Group policy is to maintain its long-term borrowings at fixed rate using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

Variable rate borrowings:

A reasonably possible change of 100 bps would have increased / (decreased) profit and loss and equity by Rs. 28 (31 March 2018 - Rs. 28).

29. CAPITAL MANAGEMENT

The key objective of the Group's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Group focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Group.

The Group's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute annual dividends in future periods.

The amount of future dividends of equity shares will be balanced with efforts to continue to maintain an adequate liquidity status.

The capital structure as of 31 March 2019 and 31 March 2018 was as follows:

Particulars	31 March 2019	31 March 2018
Total equity attributable to the equity shareholders of the Company	19,684	17,204
As a percentage of total capital	71%	69%
Long-term borrowings	6,226	7,093
Short-term borrowings	1,907	781
Total borrowings	**8,133**	**7,874**
As a percentage of total capital	29%	31%
Total capital (Equity and Borrowings)	**27,817**	**25,078**

30. TAX EXPENSE

		31 March 2019	31 March 2018
(a)	**Amount recognised in Statement of profit and loss**		
	Current tax	867	794
	Deferred tax:		
	MAT credit entitlement	(44)	(182)
	Others related to:		
	Origination and reversal of other temporary differences	15	59
	Tax expense for the year	**838**	**671**
	Reconciliation of effective tax rate		
	Profit before tax	4,154	3,725
	Tax at statutory income tax rate 34.94% (31 March 2018 - 34.61%)	1,450	1,289
	Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
	Exempt income	-	(7)
	Tax incentive	(529)	(519)
	Non-deductible expense	32	44
	Basis difference that will reverse during the tax holiday period	(174)	(62)
	Others	59	(74)
	Income tax expense	**838**	**671**

(b) Recognised deferred tax assets and liabilities

The following is the movement of deferred tax assets / liabilities presented in the balance sheet

For the year ended 31 March 2019	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax asset				
MAT credit entitlement	1,081	44	-	1,125
Defined benefit obligations	76	12	11	99
Others	27	(5)	-	22
Gross deferred tax assets	**1,184**	**51**	**11**	**1,246**
Deferred tax liability				
Derivatives, net	185	-	(151)	34
Property, plant and equipment, investment property and intangible assets, net	256	41	-	297
Others	19	(19)	-	-
Gross deferred tax liability	**460**	**22**	**(151)**	**331**
Deferred tax assets / (liabilities), net	**724**	**29**	**162**	**915**

For the year ended 31 March 2018	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax asset				
MAT credit entitlement	899	182	-	1,081
Defined benefit obligations	58	16	2	76
Others	15	12	-	27
Gross deferred tax assets	**972**	**210**	**2**	**1,184**
Deferred tax liability				
Derivatives, net	147	-	38	185
Property, plant and equipment and intangible assets, net	158	98	-	256
Others	30	(11)	-	19
Gross deferred tax liability	**335**	**87**	**38**	**460**
Deferred tax assets / (liabilities), net	**637**	**123**	**(36)**	**724**

31. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

			31 March 2019	31 March 2018
(i)	**Contingent liabilities**			
	(a)	**Claims against the Company not acknowledged as debt**	3,357	2,383
	The above includes:			
	(I)	Income tax matters relating to financial year 2002 - 03 to 2015 - 16 (31 March 2018 : financial year 2002 - 03 to FY 2014 -15)	3,330	2,358
	(II)	Indirect tax matters	27	25
	(III)	In light of recent judgment of Honorable Supreme Court dated 28th February 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Company's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence it is unclear as to whether the clarified definition of Basic Wage would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability. Other than the matters disclosed above, the Company is involved in taxation matters that arise from time to time in the ordinary course of business. Management is of the view that these will not have any material adverse effect on the Company's financial position or results of operations.		
	(b)	**Guarantees**		
		Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	2	2
		The necessary terms and conditions have been complied with and no liabilities have arisen.		
(ii)	**Commitments**			
	(a)	Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	3,732	2,447
	(b)	Operating lease commitments (Company is a lessee)		
	(I)	Rent		
		The Company has entered into lease agreements for use of land and buildings which expires over a period ranging upto the year of 2027. Gross rental expenses for the year aggregate to Rs 105 (31 March 2018 - Rs 97).		
		Future minimum rentals payable under non-cancellable operating leases are as follows:		
		Not later than one year	34	29
		Later than one year and not later than five years	152	133
		Later than five years	143	180
	(II)	Vehicles		
		The Company has taken vehicles for certain employees under operating leases, which expire over a period ranging upto the year of 2022. Gross rental expenses for the year aggregate to Rs 5 (31 March 2018 - Rs 2).		
		Future minimum rentals payable under non-cancellable operating leases are as follows:		
		Not later than one year	11	-
		Later than one year and not later than five years	23	-

	31 March 2019	31 March 2018
(c) Finance lease commitments (Company is a lessee)		
The Company has entered into lease for use of certain items of leasehold improvements on finance lease basis. The legal title to these items vests with lessor. The lease term of leasehold improvements is 10 years covering upto the year of 2027.		
Future minimum lease payable including interest element under finance leases are as follows:		
Not later than one year	23	22
Later than one year and not later than five years	105	100
Later than five years	107	135

32. (a) INTEREST IN OTHER ENTITIES

Subsidiary

The Group's subsidiary as at 31 March 2019 is set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the Group, and proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest held by the group		Ownership interest held by the non-controlling interest		Principal activities
		31 March 2019 %	31 March 2018 %	31 March 2019 %	31 March 2018 %	
Syngene USA Inc.	United States	100	100	-	-	Business support and marketing for research services

(b) Additional information, as required under Schedule III of the Act, of enterprises consolidated as subsidiary

Name of entity	Net assets as at 31 March 2019		Share in profit or loss for the year ended 31 March 2019		Share in other comprehensive income for the year ended 31 March 2019		Share in total comprehensive income for the year ended 31 March 2019	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated other comprehensive income	Amount
Holding Company								
Syngene International Limited	100%	19,672	100%	3,307	100%	(702)	100%	2,605
Subsidiary								
Syngene USA Inc.	-	12	-	9	-	-	-	9
Non-controlling interest	-	-	-	-	-	-	-	-
Total	**100%**	**19,684**	**100%**	**3,316**	**100%**	**(702)**	**100%**	**2,614**

Name of entity	Net assets as at 31 March 2018		Share in profit or loss for the year ended 31 March 2018		Share in other comprehensive income for the year ended 31 March 2018		Share in total comprehensive income for the year ended 31 March 2018	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated other comprehensive income	Amount
Holding Company								
Syngene International Limited	100%	17,201	100%	3,051	100%	87	100%	3,138
Subsidiary								
Syngene USA Inc.	-	3	-	3	-	-	-	3
Non-controlling interest	-	-	-	-	-	-	-	-
Total	**100%**	**17,204**	**100%**	**3,054**	**100%**	**87**	**100%**	**3,141**

33. Segmental Information

Operating segments

The Group is engaged in a single operating segment of providing contract research and manufacturing services. Accordingly, there are no additional disclosures to be provided Ind AS 108 'Operating Segments' other than those already provided in the financial statements.

Geographical information

The geographical information analyses the Group's revenues and non-current assets by the Group's country of domicile (i.e. India) and other countries. In presenting the geographical information, revenue has been based on the geographic location of the customers and assets which have been based on the geographical location of the assets.

	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations:		
India	1,843	1,403
United States of America	12,880	9,014
Rest of the World	3,533	3,814
Total	**18,256**	**14,231**

The following is the carrying amount of non current assets by geographical area in which the assets are located:

	31 March 2019	31 March 2018
Carrying amount of non-current assets		
India	17,594	12,805
Outside India	-	-
Total	**17,594**	**12,805**

Note: Non-current assets excludes financial assets and deferred tax assets.

Major customer

Revenue from two customers (31 March 2018 - one customer) of the Group's Revenue from operations is Rs. 6,293 (31 March 2018 - Rs. 3,499) which is more than 10 percent of the Group's total revenue.

34. SHARE BASED COMPENSATION

Syngene ESOP Plan

On 20 July 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of the Company. The Board of Directors approved the employee stock option plan of the Company. On 31 October 2012, the Trust subscribed 6,680,000 equity shares (Face Value of Rs. 10 per share) of the Company using the proceeds from interest free loan of Rs. 150 obtained from the Company, adjusted for the consolidation of shares and bonus issue. As at 31 March 2019, the Trust holds 2,038,001 (31 March 2018: 3,065,964) equity shares of face value of Rs. 10 each, adjusted for the consolidation of shares and bonus issue. As of 31 March 2019, the Trust has transferred 4,641,999 (31 March 2018 - 3,614,036) equity shares to the employees on exercise of their stock options.

Grant

Pursuant to the Scheme, the Company has granted options to eligible employees of the Company under Syngene Employee Stock Option Plan - 2011. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 35% and 40% of the total grant at end of second, third and fourth year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs. 22.50 per share (Face Value of Rs. 10 per share).

Details of Grant

Particulars	31 March 2019 No. of options	31 March 2018 No. of options
Outstanding at the beginning of the year	2,235,222	3,634,457
Granted during the year	191,668	121,500
Forfeited during the year	(52,139)	(73,174)
Exercised during the year	(1,027,963)	(1,447,561)
Outstanding at the end of the year	1,346,788	2,235,222
Exercisable at the end of the year	360,102	1,121,670
Weighted average exercise price	22.5	22.5
Weighted average fair value of shares granted during the year under Black Scholes Model (In Rs)	556.5	479.8
Weighted average share price at the date of exercise (In Rs)	578.7	472.0

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2019 is 1.85 years [31 March 2018 - 2.13 years].

Assumptions used in determination of the fair value of the stock options under the Black Scholes Model are as follows:

Particulars	31 March 2019	31 March 2018
Dividend yield (%)	0.2%	0.3%
Exercise Price (In Rs)	22.5	22.5
Volatility	30.5%	33.5%
Life of the options granted (vesting and exercise period) [in years]	6.15	6.15
Average risk-free interest rate	7.9%	7.7%

35. EXCEPTIONAL ITEM

Pursuant to a fire incident on 12 December 2016, certain fixed assets, inventory and other contents in one of the buildings were damaged. The Company lodged an estimate of loss with the insurance company and the survey is currently ongoing. The Company had recorded a loss of Rs. 1,032 million arising from such incident till 31 March 2018. The Company has recorded a further loss of Rs. 23 million during the year ended 31 March 2019. The Company also recognised a minimum Insurance claim receivable for equivalent amounts in the respective periods. The aforementioned loss and the corresponding credit arising from insurance claim receivable has been presented on a net basis (Rs. Nil) under Exceptional items in these consolidated financial statements. The Company has received a disbursement of Rs. 815 (31 March 2018: Rs. 815) from the insurance company and the same has been adjusted with the amount recoverable from the insurance company.

In addition, the Company is in the process of determining its final claim for loss of fixed assets and Business Interruption and has accordingly not recorded any further claim arising therefrom at this stage.

36. CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

	31 March 2019	31 March 2018
(a) Amount required to be spent by the Company during the year	63	52
(b) Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	63	52

37. EARNINGS PER EQUITY SHARE (EPS)

	31 March 2019	31 March 2018
Earnings		
Profit for the year	3,316	3,054
Shares		
Basic outstanding shares	200,000,000	200,000,000
Less: Weighted average shares held with the ESOP Trust	(2,249,371)	(2,624,879)
Weighted average shares used for computing basic EPS	**197,750,629**	**197,375,121**
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	613,078	613,597
Weighted average shares used for computing diluted EPS	**198,363,707**	**197,988,718**
Earnings per equity share		
Basic (in Rs.)	16.77	15.47
Diluted (in Rs.)	16.72	15.43

38. DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

'The disclosures regarding details of SBNs held and transacted during 8 November 2016 to 30 December 2016 has not been made in these consolidated financial statements since the requirement does not pertain to financial year ended 31 March 2019 and 31 March 2018.

39. EVENTS AFTER REPORTING PERIOD

On 24 April 2019, the Board of Directors of the Company approved issue of bonus shares in the proportion of 1:1 i.e. 1 (one) bonus equity shares of Rs. 10 each for every 1 (one) fully paid-up equity shares held as on the record date, subject to the approval by the shareholders of the Company through postal ballot.

On 24 April 2019, the Board of Directors of the Company has proposed a final dividend of 5% or Rs. 0.50 per equity share as on the record date for distribution of final dividend. The proposed dividend is subject to the approval of the shareholders in the Annual General Meeting of the Company.

40. PRIOR YEARS' COMPARATIVES

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's classification.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Chennai
April 24, 2019

for and on behalf of **Board of Directors of Syngene International Limited**

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 24, 2019

Notice

Notice is hereby given that the 26th Annual General Meeting ("AGM") of Syngene International Limited will be held on Wednesday, July 24, 2019 at 4:30 P.M. at Tyler Jacks Auditorium, Biocon Research Centre, Biocon SEZ, Biocon Park, Bommasandra Industrial Area, Jigani Link Road, Bengaluru 560 099, to transact the following business:

ORDINARY BUSINESS:

Item No. 1: Adoption of financial statements

To consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the Financial Year ended 31 March 2019, together with the Reports of the Board of Directors and the Auditors thereon.

Item No. 2: Declaration of Dividend

To declare a final dividend of Re. 0.50 per equity share for the Financial Year ended 31 March 2019.

Item No. 3: Appointment of Prof. Catherine Rosenberg as director liable to retire by rotation

To appoint Prof. Catherine Rosenberg who retires by rotation and, being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

Item No. 4: To re-appoint Paul Blackburn (DIN: 06958360) as an Independent Director of the Company.

To consider, and if thought fit, to pass with or without modification(s) the following as a **Special Resolution**:

"RESOLVED THAT pursuant to section 149, 152, 160 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force), read with schedule IV of Act, Paul Blackburn (DIN: 06958360), be and is hereby re-appointed as an Independent Director, not liable to retire by rotation, for a second term of five years commencing from the date of shareholders' approval till the conclusion of 31st AGM proposed to be held in 2024;

RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things which may be necessary for appointment of Paul Blackburn (DIN: 06958360) as an Independent Director on the Board of the Company."

Item No. 5: To approve Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020 and grant of Restricted Stock Units to eligible employees of the Company.

To consider, and if thought fit, to pass with or without modification(s) the following as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Memorandum of Association and Articles of Association of the Company and any other applicable and prevailing statutory Guidelines/ Circulars in that behalf and subject to such other approval(s), consent(s), permission(s), and sanction(s) as may be necessary from the appropriate regulatory authority(ies)/ institution(s) and such conditions and modifications as may be prescribed/imposed by the appropriate regulatory authority(ies)/ institution(s) while granting such approval(s), consent(s), permission(s) and/or sanction(s) and may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board or any other Committee constituted and empowered by the Board for the purpose, hereinafter referred to as 'the Committee') the consent of the members of the Company be and is hereby accorded to approve, formulate and implement "Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020" ("the Plan") through the trust route and the Board be and is hereby authorised to create, issue, offer, grant and allot, in one or more tranches, a maximum of such Restricted Stock Units ("RSU's") at any point of time drawing upto 1.67% of the paid-up capital (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time) which are exercisable into not more than 1.67% of the paid-up capital of the Company at any point of time (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time) to or for the benefit of permanent employees whether working in India or outside India and directors whether a whole-time director or not (other than promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company) of the Company including the employees of the present and future subsidiary Company(ies) and such other employees as may be permitted under the applicable laws (hereafter collectively referred as "Identified Employees") and as may be approved by the Board, from time to time at such price or prices in one or more tranches and on such terms and conditions as may be determined by the Board in accordance with the applicable laws, and as per the terms of the Plan and to provide for grant and subsequent vesting and exercise of RSU's by Identified Employees in the manner and method as contained in the Plan and described in the explanatory statement;

RESOLVED FURTHER THAT subject to the applicable laws, consent of the member(s) of the Company be and is hereby accorded to the Board of the Company to implement the Plan through an irrevocable trust by the name "Syngene Employee Welfare Trust" ("the Trust");

RESOLVED FURTHER THAT in compliance with section 62 (1) (b) and applicable provisions of the Act and other applicable laws including but not limited to Indian Trust Act, 1882, the Board be and is hereby authorized to allot the fresh Equity Shares upto 1.67% of the paid-up Capital of Equity shares of Rs. 10/- each of the company (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable for time to time), to Syngene Employee Welfare Trust over a period of time for the purpose of implementation of the Plan;

RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company;

RESOLVED FURTHER THAT the Board be and is hereby authorized to take requisite steps for listing of the equity shares allotted under the Plan, from time to time, on the Stock Exchanges where the equity shares of the Company are listed;

RESOLVED FURTHER THAT in case of any corporate action(s) such as right issues, bonus issues, split, consolidation of shares, or other reorganization of the capital structure of the Company, the ceiling as aforesaid of 1.67% of the paid-up capital of the Company shall be deemed to be increased/decreased, as may be determined by the Board, to facilitate making a fair and reasonable adjustment to the entitlements of participants under the plan;

RESOLVED FURTHER THAT the Company shall conform compliance to the applicable Accounting Policies, Guidelines or Accounting Standards as may be applicable from time to time, including the disclosure requirements prescribed therein;

RESOLVED FURTHER THAT the Nomination and Remuneration Committee ("Committee") be and is hereby designated as Compensation Committee pursuant to SEBI Regulations for administration and superintendence of the Plan;

RESOLVED FURTHER THAT the Board of the Company, subject to compliance of the applicable laws and regulations, be and is hereby authorized to modify, change, vary, alter, amend, suspend or terminate the Plan not prejudicial to the interests of the Identified Employees and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the Plan and do all other things incidental to and ancillary thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, and things, as it may, in its absolute discretion deem necessary including but not limited to appoint Advisors, Merchant Bankers, Consultants or Representatives, being incidental for the effective implementation and administration of the Plan and to make applications to the appropriate Authorities, for their requisite approvals and take all necessary actions and to settle all such questions, difficulties or doubts whatsoever that may arise while implementing this resolution."

Item No. 6: To approve grant of Restricted Stock Units to the employees of present and future subsidiary company (ies) under Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020.

To consider, and if thought fit, to pass with or without modification(s) the following as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Memorandum of Association and Articles of Association of the Company and any other applicable and prevailing statutory Guidelines/ Circulars in that behalf and subject to such other approval(s), consent(s), permission(s), and sanction(s) as may be necessary from the appropriate regulatory authority(ies)/ institution(s) and such conditions and modifications as may be prescribed/imposed by the appropriate regulatory authority(ies)/ institution(s) while granting such approval(s), consent(s), permission(s) and/or sanction(s) and may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board or any other Committee constituted and empowered by the Board for the purpose, hereinafter referred to as 'the Committee'), the consent of the members of the Company be and is hereby accorded to extend the benefits of the Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020 ("the Plan") to or for the benefit of permanent employees whether working in India or outside India and directors whether a whole-time director or not (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company) of the present and future subsidiary company (ies) of the Company, and such other employees as may be permitted under the applicable laws (hereafter collectively referred as "Identified Employees") and as may be approved by the Board from time to time, on such terms and conditions, as contained in the Plan;

RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing equity shares of the Company;

RESOLVED FURTHER THAT the Company shall conform compliance to the applicable Accounting Policies, Guidelines or Accounting Standards as may be applicable from time to time, including the disclosure requirements prescribed therein;

RESOLVED FURTHER THAT the Board of the Company, subject to compliance of the applicable laws and regulations, be and is hereby authorized to modify, change, vary, alter, amend, suspend or terminate the Plan not prejudicial to the interests of the Identified Employees and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the Plan and do all other things incidental to and ancillary thereof."

Item No. 7: To approve the provision of money by the Company for purchase of its own shares by the Syngene Employees Welfare Trust for the benefit of employees under Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020

To consider, and if thought fit, to pass with or without modification(s) the following as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b), 67, Rule 16 of the Companies (Share Capital and Debentures) Rules, 2015 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), the Memorandum of Association and Articles of Association, and any other applicable and prevailing statutory Guidelines/ Circulars in that behalf, and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be accepted by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), consent of the members of the Company be and is hereby accorded to the Board to grant loan, to provide guarantee or security in connection with a loan granted or to be granted to, the Syngene Employees Welfare Trust (hereinafter referred to as "Trust") in one or more tranches not exceeding 1.67% of the aggregate of the paid-up share capital and free reserves at any point of time for the purpose of subscription and/or purchase of equity shares of the Company by the trust, in one or more tranches, subject to the ceiling of equity shares as may be collectively prescribed under "Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020" ("the Plan") and/or any other share based employee benefit plan which may be introduced by the Company from time to time (hereinafter referred to as "Employee Benefit Plan(s)", with a view to deal in such equity shares in line with contemplated objectives of the Plan or for any other purpose(s) as permitted under and in due compliance with the provisions of the SEBI Regulations, the Companies Rules and other applicable laws and regulations;

RESOLVED FURTHER THAT any loan provided by the Company shall be repayable to and recoverable by the Company from time to time during the term of the Plan and/or Employee Benefit Plans, as the case may be, subject to exercise price being paid by the employees on exercise of Restricted Stock Units/ Employee Stock Options under the respective Employee Benefit Plan;

RESOLVED FURTHER THAT the Trust shall not deal in derivatives and shall undertake transactions as permitted by SEBI SBEB Regulations;

RESOLVED FURTHER THAT the Trustees of the Trust shall not vote in respect of the shares held by such Trust;

RESOLVED FURTHER THAT for the purposes of disclosures to the stock exchange, the shareholding of the Trust shall be shown as non-promoter and non-public shareholding;

RESOLVED FURTHER THAT the Trustees of the Trust shall ensure compliance of the provisions of the SEBI SBEB Regulations, Companies Rules and all other applicable laws at all times in connection with dealing with the shares of the Company including but not limited to maintenance of proper books of account, records and documents as prescribed;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to comply with the legal provisions and do all ancillary and consequential matters and to take such steps and to do such acts, deeds, matters and things as they may deem proper and give/send such notices, directions as may be necessary to give effect to the above resolution."

By Order of the Board of Directors
For **Syngene International Limited**
Sd/-

Place: Bengaluru
Date: April 24, 2019

Mayank Verma
Company Secretary

Registered Office:
Biocon SEZ, Biocon Park, Plot No. 2 & 3,
Bommasandra Industrial Area, IV Phase,
Jigani Link Road, Bengaluru – 560 099
Karnataka
CIN: L85110KA1993PLC014937
Website: www.syngeneintl.com

NOTES:

1. A shareholder entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint a proxy to attend and vote in the meeting and the proxy need not be a shareholder of the company.

2. The instrument appointing a proxy, in order to be effective, should be deposited at the registered office of the company, duly completed, signed and stamped, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.

3. Pursuant to provisions of section 105 of the Companies Act, 2013 ("the Act") read with the applicable rules, a person can act as proxy on behalf of shareholders not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A shareholder holding more than ten percent of the total share capital of the company carrying voting rights, may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. During the period beginning 24 hours before the time fixed for the commencement of the AGM and until the conclusion of the meeting, a member would be entitled to inspect the proxies lodged during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.

5. Corporate shareholders intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

6. Shareholders are requested to bring their copies of Annual Report to the meeting. In order to enable us to register your attendance at the venue of the AGM, shareholders are requested to please bring their folio number/ demat account number/DP ID-Client ID to enable us to provide a duly filled attendance slip for your signature and participation at the meeting.

7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

8. Only bonafide shareholders of the Company whose names appear on the Register of Shareholders/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-shareholders from attending the meeting.

9. The Explanatory Statement pursuant to Section 102 of the Act, which sets out details relating to Special Business at the meeting, is annexed hereto.

10. The register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the register of Contracts and Arrangements in which directors are interested, maintained under section 189 of the Act will be available for inspection by the shareholders at the meeting.

11. Shareholders holding shares in Electronic (Demat) form are advised to inform the particulars of their bank account, change of postal address and email ids to their respective Depository Participants only. The Company or its Registrar

and Share Transfer Agent i.e. Karvy Fintech Private Limited ("Karvy") cannot act on any request received directly from the shareholders holding shares in demat mode for changes in any bank mandates or other particulars.

12. Shareholders holding shares in physical form are advised to inform the particulars of their bank account, change of postal address and email ids to Karvy Fintech Private Limited (Unit: Syngene International Limited), Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 or the Secretarial Department of the Company.

13. Shareholders holding shares in Electronic (demat) form or in physical mode are requested to quote their DPID & Client ID or Folio details respectively in all correspondences, including dividend matters to the Registrar and Share Transfer Agent, Karvy Fintech Private Limited (Unit: Syngene International Limited), Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 or the Secretarial Department of the Company.

14. Shareholders holding shares in Electronic (Demat) and who have not registered their email address so far with their depository participants are requested to register their email address with their depository participants for receiving all the communications including annual report, notices etc., in electronic mode from the Company.

15. Shareholders holding shares in physical mode and who have not registered their e-mail address with the Company are requested to submit their request with their valid e-mail address to Karvy for receiving all the communications including annual report, notices etc., in electronic mode from the Company.

16. Pursuant to Section 101 and Section 136 of the Act read with relevant Companies (Management and Administration Rules), 2014, and Regulation 36 of SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), companies can serve Annual Report and other communications through electronic mode to those shareholders who have registered their e-mail address either with the Company or with the Depository. Shareholders of the Company, who have registered their email-address, are entitled to receive such communication in physical form upon request only.

17. Copies of Notice, Annual report are being sent by electronic mode to those shareholders whose email ids are available with our Registrar and Share Transfer Agent, unless shareholders have requested for physical copy specifically. For shareholders whose e-mail ids are not available, physical copy has been sent by permitted mode.

18. Shareholders may note that the Notice of 26th AGM Notice, Annual Report, attendance ship, proxy form and e-voting instructions are also available on the Company's website i.e. www.syngeneintl.com.

19. Pursuant to Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide the facility of remote e-voting to all the shareholders as per applicable Regulations relating to e-voting. The complete instructions on e-voting facility provided by the Company is annexed to this Notice, explaining the process of e-voting with necessary user id and password along with procedure for such e-voting. Such remote e-voting facility is in addition to voting that may take place at the meeting venue on July 24, 2019.

20. Company has fixed the cut-off date i.e. July 17, 2019 for determining the eligibility of shareholders entitled to vote at the AGM. The remote e-voting shall remain open for a period of 5 days commencing from Friday, July 19, 2019 (9:00 hours) to Tuesday, July 23, 2019 (17:00 hours) (both days inclusive).

21. The shareholders whose name appears in the Register of members as on the record date of July 17, 2019 will be eligible for final dividend for the financial year ended 31 March 2019.

22. The dividend as recommended by the Board, if declared at this meeting, will be paid within a period of 30 days from the date of declaration, to those shareholders whose name appears in the Register of members as on the record date. The dividend pay-out date is Wednesday, July 31, 2019.

23. Shareholders are requested to note that as per Section 124(5) of the Act, the dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account, is liable to be transferred by the Company to the "Investor Education Protection Fund" (IEPF) established by the Central Government under the provisions of Section 125 of the Act.

24. Shareholders are requested to note that as per section 124(6) of the Act, all Shares in respect of which Dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the IEPF.

25. Company has appointed Mr. V Sreedharan, Practicing Company Secretary, partner of M/s V Sreedharan & Associates, Company Secretaries, Bengaluru (FCS 2347; CP 833) and in his absence Mr. Pradeep B Kulkarni, Practicing Company Secretary, Bengaluru (FCS 7260; CP 7835), as Scrutinizer for carrying out the e-voting and voting by poll at the AGM.

26. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9:00 hours to 17:00 hours) on all working days except Saturdays, up to and including the date of the AGM of the Company.

27. Information required under Regulation 36 of SEBI Listing Regulations, Directors seeking Appointment/Re-appointment at the AGM is furnished as annexure to this Notice. The Directors have furnished consent/declarations for their appointment/re-appointment as required under Act and rules made thereunder.

28. SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s) Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agents.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 4: Re-appointment of Paul Blackburn (DIN: 06958360) as an Independent Director of the Company.

Paul Blackburn was appointed as an Additional Director w.e.f., August 26, 2014. Subsequently, the shareholders at their Extraordinary General Meeting ("EGM") held on September 11, 2014 had approved the appointment of Paul Blackburn as an Independent Director, for a tenure of five years i.e., till the conclusion of 26th AGM proposed to be held in the year 2019. Now, the tenure of Paul Blackburn is coming to an end at this AGM.

As per section 149(10) and (11) of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company, but shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

Based on the recommendation of the Nomination and Remuneration Committee, the Board has re-appointed Paul Blackburn as an Independent Director on the Board of the Company at its meeting held on April 24, 2019, not liable to retire by rotation, for a second term of five years commencing from the conclusion of this AGM till the conclusion of 31st AGM proposed to be held in 2024, subject to the approval of shareholders of the Company.

The Company has received from Paul Blackburn (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) Intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of Act, (iii) A declaration to the effect that he meets the criteria of independence as provided in Section 149 (6) of Act.

In the opinion of the Board, he fulfils the conditions for appointment as Independent Director, as specified in the Act and the SEBI Listing Regulations and is Independent of the Management.

The resolution seeks the approval of the shareholders in terms of Section 149 and other applicable provisions of the Act, read with Schedule IV of the Act and the Rules made thereunder, for re-appointment of Paul Blackburn as an Independent Director of the Company for a second term of five years commencing from the conclusion of this AGM till the conclusion of 31st AGM proposed to be held in 2024. Paul Blackburn is not liable to retire by rotation.

The profile and specific areas of expertise of Paul Blackburn is provided in annexure to this notice.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of an Independent Director is available for inspection, without any fee, by the shareholders at the Company's registered office during normal hours on working days up to the date of the AGM and will also be kept open at the venue of the AGM.

Except Paul Blackburn and his relatives, None of Director, Key Managerial Personnel or their respective relatives are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 4 for approval of the shareholders.

Item No. 5 & 6: Approval of Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020 and grant of Restricted Stock Units to eligible employees of the Company and its subsidiaries

The Board had formulated a Syngene Employee Stock Option Plan 2011 which was approved by the members of the Company on December 14, 2011 which was further ratified by the members subsequent to the IPO on December 05, 2015. The plan was defined to identify the need to enhance the employee engagement, to reward the employees for their association and performance as well as to motivate them to contribute to the growth and profitability of the Company and to create a sense of ownership amongst them.

Based on the recommendation of Nomination and Remuneration Committee, the Board at its meeting held on April 24, 2019 agreed to introduce "Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020" (hereinafter referred to as "the Plan") designed to drive performance towards achieving the Board approved strategy plan for the FY 2020-24. The plan would cover key employees who, by virtue of the roles they play, would be influencing the accomplishment of the Strategic Plan.

In terms of the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Section 62 and other applicable provisions of the Act, issue of shares to employees under a scheme of employees stock option/RSUs, requires an approval of the Members by way of a Special Resolution and accordingly, the Special Resolution at Item No. 5 seeks your approval for the issue of further Equity Shares, under the "Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020", to the employees of the Company, as may be determined by the Board of the Company.

Further, as per Regulation 6(3)(c) of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 approval of the shareholders by way of separate Special Resolution is also required for grant of Restricted Stock Units (RSU's) to the employees of subsidiary company(ies), hence the Special Resolution at Item No. 6 seeks your approval for the said purpose.

The Plan shall be implemented by trust route wherein the Company will issue shares to the trust by way of fresh allotment over a period of time. The Plan will be administered by the Nomination and Remuneration Committee (hereinafter referred to as "Committee") of the company. The Committee shall delegate its power to the Trust to the extent it deems fit for proper administration of the Plan.

The main features and other details of the Plan as per Regulation 6(2) of SEBI (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), are as under:

1. Brief description of the Plan

The Plan shall be called as Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020 ("the Plan") and shall extend its benefits to the present and/or future permanent employees of the Company and its present and future Subsidiary Company (ies), in accordance with the applicable laws. The Plan has been formulated keeping in mind delivery around key parameters measured through financial parameters, delivery against key business initiatives and shareholder value creation. The Plan would cover key employees who, by virtue of the roles they play, would be influencing the accomplishment of the Strategic Plan.

2. Total number of RSUs to be granted under the Plan.

The maximum number of RSU's to be granted under the Plan shall not exceed 1.67% of the paid-up equity share capital of the Company at any point of time, convertible into equal number of Equity Shares of the Company.

3. Identification of classes of employees entitled to participate and be beneficiaries in Plan.

- A permanent employee of the Company who has been working in India or outside India; or
- a director of the company, whether a whole-time director or not but excluding an independent director; or
- an employee as defined in clause (i) or (ii) of a subsidiary company, in India or outside India.

but does not include:

- an employee who is a promoter or a person belonging to the promoter group; or
- a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company.

4. Requirement of Vesting and period of Vesting.

The RSUs granted under Plan shall vest based upon the performance of the Employee, subject to completion of minimum 1 (One) year from the date of Grant and as may be decided by the Committee subject to maximum period of 4 (four) years from the date of grant.

The actual number of RSUs Vesting for the Grantee shall further be linked with the key parameters measured through increased in revenue & profits, delivering on key strategic initiatives and shareholders value creation and such other conditions as may be determined by the Committee.

The specific Vesting schedule and Vesting conditions subject to which Vesting would take place shall be outlined in the grant letter given to the employee at the time of Grant of RSU's.

5. Maximum period within which the RSUs shall be vested.

The options granted under Plan shall vest as may be decided by the Committee subject to maximum period of 4 (four) years from the date of grant. Vesting of Options would be subject to continued employment with the Company, or as the case may be, on the date of vesting.

6. Exercise Price or Pricing Formula.

Under this Plan, the Exercise price of the Shares will be the face value of the shares as on the date of exercise.

7. Exercise period and process of Exercise.

The RSU's granted may be exercised by the grantee within a maximum period of 3 (three) Years from the date of vesting of the respective RSU's or time period as set forth in the grant letter. The grantees can exercise the vested RSU's in full or in part at different interval of time during the exercise period.

The vested RSU's can be exercised through cash route and/ or cashless route. The mode and manner of the Exercise of the RSU's shall be communicated to the grantees individually. On exercise of the RSU's through Cash Route, the grantee shall forthwith pay to the Company the exercise price along with applicable taxes. Under Cashless Route the Trust will sell the requisite number of shares for adjusting the Exercise Price and the Tax Amount in accordance with the exercise application made by the grantee and transfer the balance shares or the net sale proceeds as the case may be. The RSU's shall lapse if not exercised within the specified exercise period.

8. Appraisal process for determining the eligibility of the Employees to Plan.

The appraisal process for determining the eligibility of the employees will be in accordance with the Plan and as may be determined by the Committee at its sole discretion.

The employees would be granted RSU's under the Plan based on various parameters which may include among others:

- Performance: Employee's performance on the basis of the parameters decided by the management.

- Contribution: The present and potential contribution of the Employee towards achieving common goals and delivering on key parameters measured through increased revenue & profits, delivering on key strategic initiatives and Shareholders Value creation.

9. The Maximum number of RSUs to be granted per employee and in aggregate.

The maximum number of RSU's that can be granted under this Plan in aggregate shall not exceed 1.67% of the paid-up capital of the company at any point of time.

The maximum number of RSU's that can be granted to any eligible single employee during any one-year shall not be equal to or exceed 1% of the issued capital of the Company at the time of grant of RSU's unless otherwise approved by the shareholders.

10. The Maximum quantum of benefits to be provided per Employee under the Plan.

The maximum quantum of benefit that will be provided to every eligible Employee under the Plan will be the difference between the Market value of Company's Share on the Stock Exchange as on the date of exercise of RSU's and the Exercise Price paid by the employee.

11. Implementation and administration of the Plan.

The Plan shall be implemented by trust route wherein the Company will issue shares to the trust by way of fresh allotment over a period of time.

The Plan will be administered by the Committee of the company. The Committee shall delegate its power to the Trust to the extent it deems fit for proper administration of the Plan.

12. Whether the Plan involves new issue of shares by the company or secondary acquisition by the Trust or both.

The Plan shall be implemented by trust route wherein the Company will allot fresh equity shares to the trust over a period of time which will subsequently be transferred to the Grantees as and when the RSUs are exercised.

13. The amount of loan to be provided for implementation of the Plan by the company to the trust, its tenure, utilization, repayment terms, etc.

The Company shall provide loan to the trust of such amount as may be required by the Trust from time to time under the Plan. The amount of loan to be provided for implementation of the plan by the Company to the Trust shall not exceed 1.67% of the aggregate paid-up capital and free reserves at any point of time subject to the restriction on the aggregate loan provided to the

Trust in accordance with the provisions of Companies Act, 2013 & Rules therein. The tenure of such loan shall be the point where the objects of the Trust are accomplished, or the repayment of loan is made, whichever is earlier. The utilization of such loan shall be for the objects of the Trust as mentioned in the Trust Deed including the implementation of the plan. The Trust shall repay the loan to the company by utilising the proceeds realised from exercise of RSU's by the Employees.

14. The Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the Plan.

Not Applicable

15. Disclosure and accounting policies.

The Company shall comply with the accounting policies prescribed in the requirements of guidance note on accounting for employee share based payments ("Guidance Note") or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein. In case, the existing Guidance Note or Accounting Standards do not prescribe accounting treatment or disclosure requirements, any other Accounting Standard that may be issued by ICAI or any other competent authority shall be adhered to in due compliance with the requirements of SEBI Regulations.

16. The method which the Company shall use to value its RSUs.

The Company shall adopt fair value for the valuation of the RSUs granted as prescribed under Guidance Note or under any relevant Accounting Standard notified by appropriate authorities from time to time.

17. Statement with regard to Disclosure in Director's Report.

As the company is adopting fair value method, presently there is no requirement for disclosure in director's report. However, if in future, the Company opts for expensing of share based employee benefits using the intrinsic value, then the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report.'

In terms of Section 62 of the Act and Regulation 6 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the approval of the Shareholders is sought by way of Special Resolution for the approval of the "Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020" and issuance of shares under this plan to the employees of the Company and its present and future Subsidiary Company (ies).

Therefore, your Directors recommend the Resolutions as set out at Item No. 5 and 6 for your approval.

A copy of the draft RSU Plan will be available for inspection on all working days (Monday to Friday) between 9:00 hours to 17:00 hours at the registered office of the Company.

None of the Directors, Manager, Key Managerial Personnel of the Company, and their respective relatives are in anyway concerned or interested in the resolution except to the extent of equity shares held by them in the Company or the RSU's to be granted under the Plan.

Item No. 7: Approval for the provision of money by the company for purchase of its own shares by the Syngene Employees Trust for the benefit of employees under Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020.

The Company has already setup Syngene Employee Welfare Trust for the purpose of administration of Syngene Employee Stock Option Plan – 2011. The Company has now formulated Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020 ("the Plan") which will be administered and implemented through the same Trust. In order to implement the Plan through trust route, the company need to make provisioning of funds to the trust so as to enable it to subscribe to the shares of the company.

The amount of loan to be provided for implementation of the Plan by the Company to the Trust Shall not exceed 1.67% of the aggregate paid-up capital and free reserves at any point of time as provided in Act.

Section 67 of the Act read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 requires any scheme of provision of money for purchase of or subscription for the shares to and for the benefit of the employees of the company shall be approved by the members by passing special resolution in a general meeting. Accordingly, Item No. 7 which is proposed for approval of the Shareholders are set out in this Notice.

The disclosures as per Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 for the present Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020, are as under:

1.	The class of employees for whose benefit the Plan is being implemented and money is being provided for purchase of or subscription to shares	• A permanent employee of the Company who has been working in India or outside India; or • a director of the company, whether a whole-time director or not but excluding an independent director; or • an employee as defined in clause (i) or (ii) of a subsidiary company, in India or outside India. **but does not include:** • an employee who is a promoter or a person belonging to the promoter group; or • a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company.
2.	The particulars of the trustee or employees in whose favor such shares are to be registered	**Name of the Trustees:** 1. Murali Krishnan K.N. 2. Nandakumar Krishnachar
3.	Particulars of trust	**Name of the Trust:** Syngene Employee Welfare Trust **Address of the Trust:** Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area, IV Phase, Jigani Link Road, Bengaluru 560099 Karnataka
4.	Name, Address, Occupation and nationality of trustees	**1. Murali Krishnan K.N** Address: 76, 27th Main Road, 2nd Cross, BTM Layout, 1st Stage, Bengaluru 560068, Karnataka, India. Occupation : Service Nationality : Indian **2. Nandakumar Krishnachar** Address: No. 712, 19th Cross, 23rd Main, Ideal Homes Township, Rajarajeshwarinagar, Bengaluru 560098, Karnataka, India. Occupation : Service Nationality : Indian
5.	Relationship of trustees with promoters, directors or key managerial personnel, if any	None
6.	Any interest of key managerial personnel, directors or promoters in such Plan or trust and effect thereof	The Key Managerial personnel and Directors are interested in the Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020 only to the extent, to the RSUs granted to them if any, under the plan.
7.	The detailed particulars of benefits which will accrue to the employees from the implementation of the Plan	Upon exercise of RSUs, the eligible employees, shall be entitled to equivalent number of equity shares of the company, at the pre-determined exercise price as per the terms of the grant.

8	The details about who would exercise and how the voting rights in respect of the shares to be purchased or subscribed under the Plan would be exercised	The Trust would be considered as the registered shareholder of the company till the date of transfer of shares to the Employees. However, the Trustees will not have any right to vote on the Equity Shares held by the Trust. Once the shares are transferred to the Employees upon their Exercise, then the Employees will be treated as the shareholder of the company and shall exercise the right to vote in respect of such shares.

In terms of the Act, read with Rule 16 of Chapter IV of the Act, the approval of the Shareholders is sought by way of Special Resolution for the approval for the provisioning of money to the Trust to fulfil the requirements of Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020, therefore, your Directors recommend the Resolutions as set out at Item No. 7 for your approval by way of Special Resolution.

None of the Directors, Manager, Key Managerial Personnel of the Company, and their respective relatives are in anyway concerned or interested in the resolution except to the extent of equity shares held by them in the Company or the RSU's to be granted under the Plan.

ANNEXURE – INFORMATION TO SHAREHOLDERS

(In Pursuance of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of the directors seeking appointment or re-appointment at the forthcoming Annual General Meeting ("AGM")

Brief resume of Director:

Paul Blackburn holds a Bachelor's degree in Science (Management Sciences) from Warwick University, United Kingdom and a professional accounting qualification from Institute of Cost and Management Accountants, United Kingdom. He has over 38 years of experience in the field of finance. He is a senior finance executive with extensive emerging markets, corporate finance and change experience at GlaxoSmithKline, UK a global healthcare company. He has been a Director since August 2014. He is a Chairman of Audit Committee and Risk Management Committee and a member of Stakeholders Relationship Committee of the Company

Name of the Director	Paul Blackburn
Category	Independent Director
DIN	06958360
Date of Birth	October 03, 1954
Date of Appointment	August 26, 2014
Tenure of Appointment/Re-appointment	Five years
Nature of expertise in Specific Functional Areas	Financial Expert
Disclosure of relationship with Directors inter-se	None
Directorship held in other Listed Companies	None
Membership of Committee in other Companies, if any	Refer Corporate Governance Report
Shareholding as on 31 March 2019	25,000

INSTRUCTIONS FOR E-VOTING & INSTAPOLL

I. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Rules, 2015 and as per Regulation 44 of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company is providing e-voting facility through Karvy Fintech Private Limited ("Karvy") on all resolutions set forth in this Notice, from a place other than the venue of the Meeting.

(A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:

I. Visit the e-Voting website of Karvy. Open web browser by typing the following URL: https://www.evoting.karvy.com/ either on a Personal Computer or on a mobile.

II. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

III. After entering these details appropriately, click on "LOGIN".

IV. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

V. You need to login again with the new credentials.

VI. On successful login, the system will prompt you to select the "EVENT" i.e., Syngene International Limited i.e. name of the Company.

VII. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

VIII. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

IX. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

X. You may then cast your vote by selecting an appropriate option and click on "Submit".

XI. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

XII. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email sree@sreedharancs.com with a copy marked to evoting@karvy.com and Mayank.verma@syngeneintl.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name Event No." The documents should reach the Scrutinizer on or before 17:00 hours on July 23, 2019.

(B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:

(i) E-Voting Event Number – (EVEN), User ID and Password is provided in the Attendance Slip.

(ii) Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

II. Voting at AGM: The shareholders, who have not cast their vote through remote e-voting can exercise their voting rights at the AGM. We have made the necessary arrangements in this regard at the Annual General Meeting Venue. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting. Members who have already cast their votes by remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

III. The Company has appointed Mr. V Sreedharan, Practicing Company Secretary, partner of M/s V Sreedharan & Associates, Company Secretaries, Bengaluru (FCS 2347; CP 833) and in his absence Mr. Pradeep B Kulkarni, Practicing Company Secretary, Bengaluru (FCS 7260; CP 7835) as Scrutinizer to scrutinize the e-voting process in fair and transparent manner.

IV. The scrutinizer shall immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes in the presence of at least two witnesses not in employment of the Company. The Scrutinizer's shall submit a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, within a period of not exceeding three working days from the conclusion of the voting to the Chairman of the Company or a person authorised by him in writing who shall countersign the same.

V. The Chairman or a person authorised by him in writing shall declare the result of voting forthwith.

VI. The results of the e-voting along with the scrutinizer's report shall be communicated immediately to the BSE Limited and National Stock Exchange of India Limited, where the shares of the company are listed and shall be placed on the Company's website www.syngeneintl.com and on the website of Karvy www.karvy.com immediately after the result declared by the chairman or any other person authorised by the chairman.

OTHER INSTRUCTIONS

a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.karvy.com (Karvy Website) or contact Mr. Suresh Babu, (Unit: Syngene International Limited) of Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone no. 040 – 6716 1500 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.

b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

c. The remote e-voting period commences on Friday, July 19, 20109 (9:00 hours) and ends on Tuesday, July 23, 2019 (17:00 hours). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 17, 2019, may cast their votes electronically. A person who is not a shareholder as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

d. The voting rights of shareholder shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e. July 17, 2019.

e. In case a person has become a shareholder of the Company after dispatch of Annual General Meeting Notice but on or before the cut-off date for E-voting i.e., July 17, 2019, he/she may obtain the User ID and Password in the manner as mentioned below:

i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

ii. Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567890

iii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

iv. Member may call Karvy's toll free number 1800-3454-001.

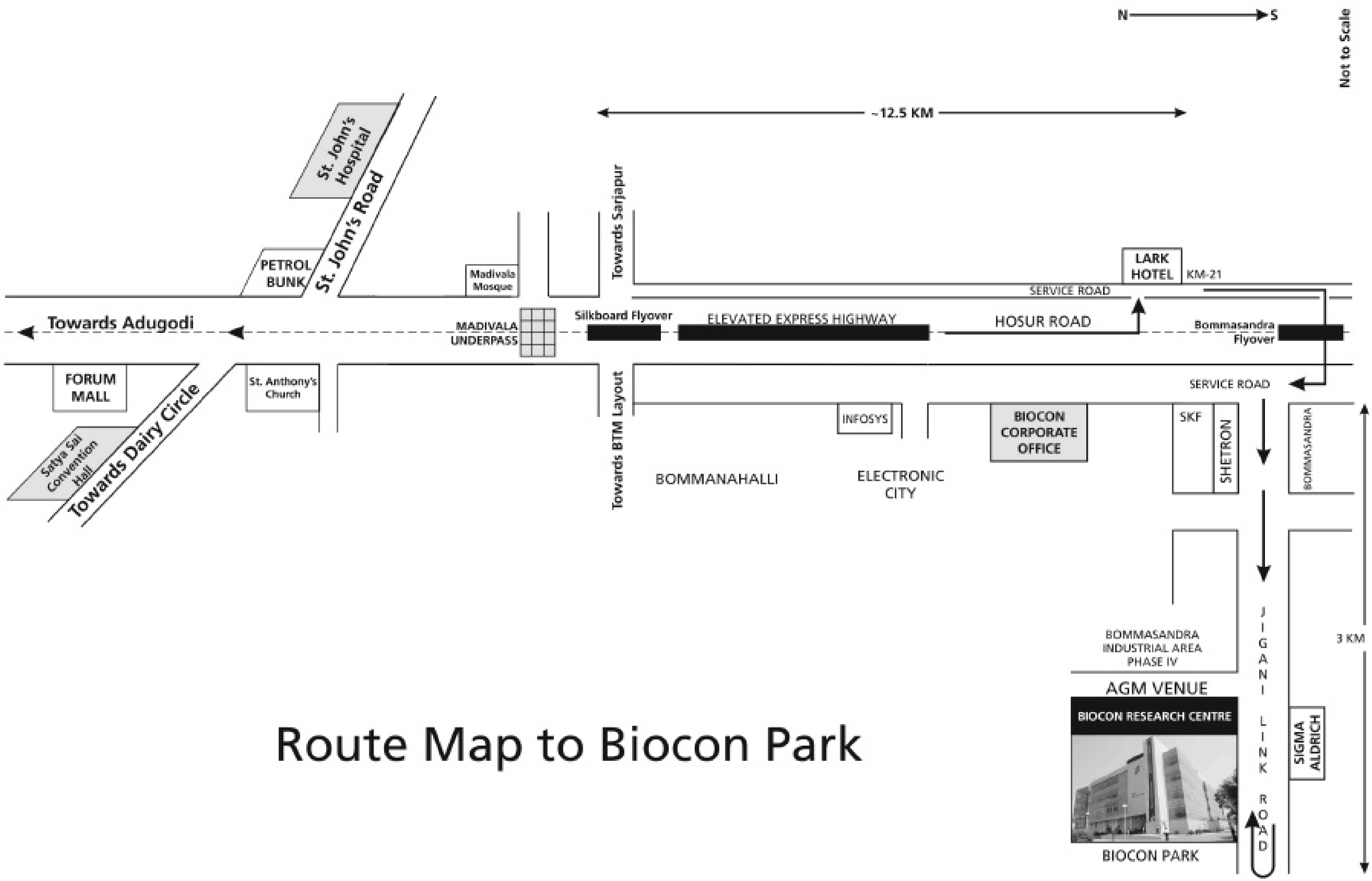
v. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

ATTENDANCE REGISTRATION PROCEDURE FOR THE AGM IS A FOLLOWS

- Shareholders are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall.
- Alternatively, to facilitate smooth registration/entry, the Company has provided a web-check in facility through Karvy's website. This will enables the shareholders to register attendance online in advance and generate Attendance Slip without going through the registration formalities at the registration counters.
- The Web Check-in (i.e. Online Registration facility) is available during e-voting period only i.e., Friday, July 19, 2019 (9:00 hours) and ends on Tuesday, July 23, 2019 (17:00 hours).

WEB CHECK-IN PROCEDURE IS AS FOLLOWS:

- Log on to https://karisma.karvy.com and click on "Web Check-in for General Meetings
- Select the name of the Company: Syngene International Limited
- Pass through the security credentials viz., DP ID/Client ID/ Folio no. entry, PAN No & "CAPTCHA" as directed by the system and click on the submission button.
- The system will validate the credentials. Then click on the "Generate my attendance slip" button that appears on the screen.
- The attendance slip in PDF format will appear on the screen. Select the "PRINT" option for direct printing or download and save for the printing.
- The Members are requested to carry their valid photo identity along with the above attendance slip for verification purpose.



Route Map to Biocon Park

Syngene International Limited
CIN: L85110KA1993PLC014937
Regd. Office: Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area,
Phase IV, Jigani Link Road, Bengaluru 560 099, Karnataka, Email- investor@syngeneintl.com
Website: www.syngeneintl.com; Phone: 080 – 6775 5000

Form No. MGT-11
Proxy Form
26th Annual General Meeting

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of Companies (Management and Administration) Rules, 2014]

Venue of the meeting : Tyler Jacks Auditorium, Biocon Research Centre, Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru 560 099, Karnataka

Date & Time : July 24, 2019 at 4:30 p.m.

Name	
Address	
DP Id	
Client Id	
Folio No.	
No. of Shares held	

I/We ________________________ of ____________________________ being a shareholder/shareholders of Syngene International Limited hereby appoint the following as my/our Proxy to attend vote (for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on July 24, 2019 at 4:30 pm and at any adjournment thereof) in respect of such resolutions as are indicated below;

Name: ____________________________________ Address: ________________________

____

E-mail Id: ________________________________ Signature: ______________or failing him.

Name: ____________________________________ Address: ________________________

____

E-mail Id: ________________________________ Signature: ______________or failing him.

Name: ____________________________________ Address: ________________________

____

E-mail Id: ________________________________ Signature: ______________or failing him.

Sl. No	Resolutions	Vote See note 5	
		For	Against
Ordinary Business			
1	Adoption of Standalone and Consolidated Financial Statements		
2	Declaration of Dividend		
3	Appointment of Catherine Rosenberg as director liable to retire by rotation		
Special Business			
4	To re-appoint Paul Blackburn (DIN: 06958360) as an Independent Director of the Company.		
5	To approve Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020 and grant of Restricted Stock Units to eligible employees of the Company.		
6	To approve grant of Restricted Stock Units to the employees of present and future subsidiary company (ies) under Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020.		
7	To approve the provision of money by the Company for purchase of its own shares by the trust for the benefit of employees under Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020.		

Signature (s) of Shareholder(s)

1. ____

2. ____

3. ____

Affix 1 rupee Revenue Stamp

Signed this ________________________ day of _____________ 2019

____

Signature of Proxy holder(s)

Note:

1. The Proxy to be effective should be deposited at the Registered office of the company not less than FORTY EIGHT HOURS before the commencement of the Meeting. (i.e. on or before July 22, 2019 at 4.30 PM.)
2. A Proxy need not be a shareholder of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Shareholders.
4. The form of Proxy confers authority to demand or join in demanding a poll.
5. This is optional. Please put a tick mark (√) in the appropriate column against the resolutions indicated in the box. If a shareholder leaves the "For" or "Against" column blank against any or all the Resolutions, the proxy will be entitled to vote in the manner he/she thinks appropriate. If a shareholder wishes to abstain from voting on a particular resolution, he/she should write "Abstain" across the boxes against the Resolution.
6. The submission by a shareholder of this form of proxy will not preclude such shareholder from attending in person and voting at the meeting.
7. In case a shareholder wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against" as appropriate.

Syngene International Limited
CIN: L85110KA1993PLC014937
Regd. Office: Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area,
Phase IV, Jigani Link Road, Bengaluru 560 099, Karnataka, Email- investor@syngeneintl.com
Website: www.syngeneintl.com; Phone: 080 – 6775 5000

Attendance Slip

26th Annual General Meeting

Venue of the meeting	:	Tyler Jacks Auditorium, Biocon Research Centre, Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru 560 099, Karnataka
Date & Time	:	July 24, 2019 at 4:30 p.m.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

Name	
Address	
DP Id	
Client Id	
Folio No.	
No. of Shares held	

I certify that I am the registered shareholders/proxy for the registered shareholder of the Company.

I hereby record my presence at the 26th Annual General Meeting of the Company held on July 24, 2019 at 4:30 PM at Tyler Jacks Auditorium, Biocon Research Centre, Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru 560 099, Karnataka.

____________________________ ____________________________

Name of the shareholder/proxy Signature of shareholder/proxy

(In BLOCK letters)

Note:

1. Electronic copy of the Annual Report for 2019 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is being sent to all the shareholders whose email address is registered with the Company/Depositary Participant unless any shareholder has requested for a hard copy of the same. Shareholders receiving electronic copy and attending the Annual General Meeting can print copy of this Attendance Slip.
2. Physical copy of the Annual Report for 2019 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all shareholders whose email ids are not registered with the Company or have requested for a hard copy.

Local Transport facility to members for attending 26th AGM

Dear Members,

The Company is pleased to provide transport facility (i.e. pickup and drop) from the following locations to enable members to attend the AGM scheduled on Wednesday, July 24, 2019 at 4:30 pm at Tyler Jacks Auditorium, Biocon Research Centre, Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area, IV Phase, Jigani Link Road, Bengaluru – 560 099.

Route No. 1	Time	Route No. 2	Time
Starting Point: Opposite ISKCON Temple	01:45 pm	Starting Point: Deepanjali Nagar Metro Station	01:45 pm
• Yeshwanthpur Bus Stop	01:55 pm	• Sri Kamakya Theatre	02:15 pm
• Malleswaram 18th Cross Bus Stand	02:05 pm	• Deve Gowda Petrol Bunk, Outer Ring Road	02:20 pm
• Majestic (SRS Office)	02:30 pm	• Sindhoor Convention Centre, J P Nagar.	02:35 pm
• Shanti Nagar (SRS Office)	02:50 pm	• Shoppers Stop, Bannerghatta Road	03:00 pm
• St. John's Medical College Hospital Bus Stop	03:15 pm	• AXA Building, BTM Layout	03:20 pm

Route No. 3	Time	Route No. 4	Time
Starting Point: CMH Hospital, Indira Nagar	01:45 pm	Starting Point: SRS Bus Depot, Jayanagar	02:30 pm
• HAL 2nd Stage, Opposite Reliance Footprint	01:55 pm	• Vijaya College (Jayanagar)	02:45 pm
• Domlur Inner Ring Road, Near Tata Showroom	02:05 pm	• Sanjay Gandhi Hospital, 4th T Block	02:55 pm
• Sony Signal Junction, Bus Stop	02:35 pm	• Jayadeva Hospital before Flyover	03:05 pm
• Koramangala, BDA Complex Bus Stop	02:45 pm	• AXA Building, BTM Layout.	03:20 pm
• HSR BDA Complex, Ring Road Junction	03:05 pm	• Central Silk Board, Renault Showroom	03:30 pm
• Central Silk Board, Renault Showroom	03:15 pm		
Drop Location	Opposite to pick up location		

The buses with SYNGENE banners will be available at the above mentioned pickup locations for transfer to the AGM Venue.

We request members to make your own arrangements for parking your personal vehicles as the pickup locations may not have parking facility. Please be present 5 minutes before the schedule departure schedule at the pickup and en-route locations.

For any transport assistance, you may contact:

Mr. Amalraj +91 99809 10229
Mr. Umesh +91 99864 12229
Mr. Lokesh +91 88842 25554

Glossary

Bioanalytics: The identification or measurement of substances (such as drugs, metabolites, or proteins) in a biological system (such as blood plasma, urine, or hair).

Bioinformatics: The collection, classification, storage, and analysis of biochemical and biological information using computers especially as applied to molecular genetics and genomics.

Biologics: A biologic drug (biologics) is a product that is produced from living organisms or contain components of living organisms. Biologic drugs include a wide variety of products derived from human, animal, or microorganisms by using biotechnology.

CAR-T design: Chimeric antigen receptors that have been genetically engineered to produce an artificial T-cell receptor. A patient's T cells (a type of immune system cell) are changed in the laboratory so they will attack cancer cells.

Cassette dosing: Cassette dosing is a procedure for higher-throughput screening in drug discovery to rapidly assess pharmacokinetics of large numbers of candidate compounds.

Cell banking: A cell bank is a facility that stores cells of specific genome for the purpose of future use in a product or medicinal needs.

Cholestatic DILI: Cholestatic (reduction or stoppage of blood flow) drug-induced liver injury (DILI).

Computational chemistry: Computational techniques aimed at understanding the structure and properties of molecules and materials.

Drug metabolism: Biotransformation of pharmaceutical substances in the body so that they can be eliminated more easily.

Dual kinase inhibitors: A protein kinase inhibitor is a type of enzyme inhibitor that blocks the action of one or more protein kinases.

Glycosylation: Glycosylation is an important and highly regulated mechanism of secondary protein processing within cells.

Immunogenicity assays: Immunogenicity is defined as the ability of a substance (protein or chemical) to provoke an immune response. An assay is a test of a substance to find out what chemicals it contains. It is usually carried out to find out how pure a substance is.

Iterative synthesis: The production of a substance from simpler materials after repetitive chemical reactions

Library design: Creating libraries of compounds for use in biological screening assays for drug discovery

Large molecule drugs: Large molecules are therapeutic proteins. They are also known as biologics.

Mammalian: Relating to mammals.

Mechanistic toxicology: Mechanistic toxicology is the study of how chemical or physical agents interact with living organisms to cause toxicity.

Monoclonal Antibodies (mAb): Cells derived by cell division from a single ancestral cell.

P. falciparum: A species of plasmodium that causes malaria in humans.

P. vivax malaria: A species of plasmodium that causes malaria in humans.

Systems biology: An approach in biomedical research to understanding the larger picture - be it at the level of the organism, tissue, or cell - by putting its pieces together.

Abbreviations

Active Pharmaceutical Ingredient (API): Any substance or combination of substances used in a finished pharmaceutical product (FPP), intended to furnish pharmacological activity or to otherwise have direct effect in the diagnosis, cure, mitigation, treatment or prevention of disease, or to have direct effect in restoring, correcting or modifying physiological functions in human beings.

ANVISA Certification: Brazil's regulatory agency Agencia Nacional de Vigilancia Sanitaria approves bioavailability/bioequivalence assay work performed at certified facilities.

Association for Assessment and Accreditation of Laboratory Animal Care

International (AAALAC): A private, non-profit organisation that promotes the humane treatment of animals in science through voluntary accreditation and assessment programs.

Biotechnology Industry Research Assistance Council (BIRAC): A not-for-profit Section 8, Schedule B, Public Sector Enterprise, set up by Department of Biotechnology (DBT), Government of India as an Interface Agency to strengthen and empower the emerging Biotech enterprise to undertake strategic research and innovation, addressing nationally relevant product development needs.

College of American Pathologists (CAP): An organisation of board-certified pathologists; serves patients, pathologists, and the public by fostering and advocating excellence in the practice of pathology and laboratory medicine worldwide.

Contract Research Organisation (CRO): These organisations provide support to the tech, pharmaceutical, biotech and MedTech industries.

cGMP (Current Good Manufacturing Practices): They are regulations enforced by the FDA. The 'c' stands for current. CGMPs ensure safety and quality of the product.

European Medicines Agency (EMA): A European Union body that fosters scientific excellence in the evaluation and supervision of medicines, for the benefit of public and animal health.

Good Laboratory Practice (GLP): Set of rules and criteria for a quality system concerned with the organisational process and the conditions under which non-clinical health and environmental safety studies are planned, performed, monitored, recorded, reported and archived.

Investigational Medicinal Product Dossier (IMPD): One of the several pieces of Investigational Medicinal Product (IMP) related data required whenever the performance of a clinical trial is intended in one or more European Union Member States. The IMPD includes summaries of information related to the quality, manufacture and control of any IMP (including reference product and placebo), and data from non-clinical and clinical studies.

Medicines and Healthcare Products Regulatory Agency (MHRA): The agency regulates medicines, medical devices and blood components for transfusion in the UK.

National GLP Compliance Monitoring Authority (NGCMA): Industries/test/ facilities/laboratories dealing with above chemicals and looking for approval from regulatory authorities before marketing them, may apply to the National GLP Compliance Monitoring Authority for obtaining GLP Certification. It is voluntary by nature.

Next-Generation Sequencing (NGS): A DNA sequencing technology which has revolutionised genomic research.

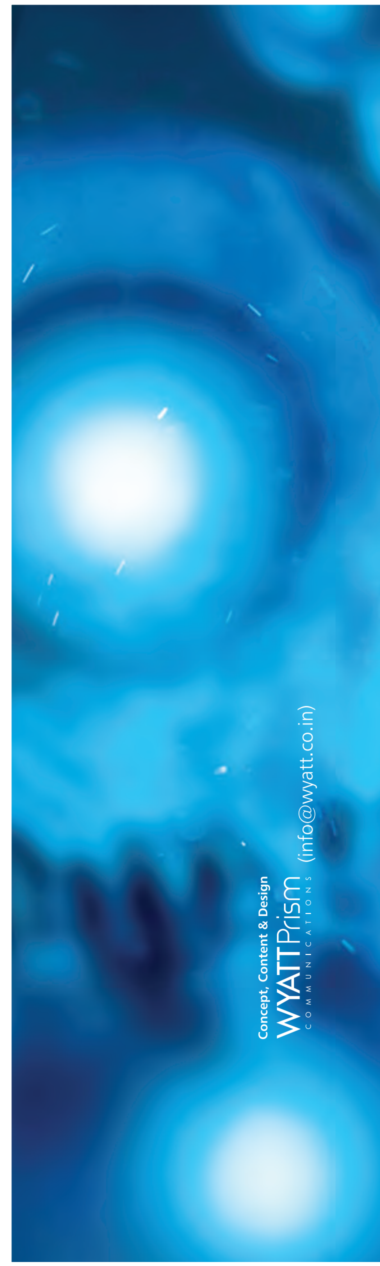
Pharmaceuticals and Medical Devices Agency (PMDA): A Japanese regulatory agency, working together with Ministry of Health, Labour and Welfare. Their obligation is to protect the public health by assuring safety, efficacy and quality of pharmaceuticals and medical devices.

Proof-of-Concept: Measurable evidence that determines whether an idea is viable.

United States Food and Drug Administration (USFDA or FDA): Federal agency of the United States Department of Health and Human Services. FDA is responsible for protecting the public health by assuring the safety, efficacy, and security of human and veterinary drugs, biological products, medical devices, our nation's food supply, cosmetics, and products that emit radiation.

Notes

Notes



Syngene

SYNGENE INTERNATIONAL LIMITED
Biocon SEZ, Biocon Park, Plot No. 2 & 3,
Bommasandra Industrial Area, IV Phase,
Jigani Link Road, Bengaluru - 560 099,
Karnataka, India.