

# Syngene

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**Syngene International Limited**

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August 3, 2017

To, The Manager Listing Bombay Stock Exchange Limited Corporate Relationship Department Dalal Street, Mumbai – 400 001	To, The Manager Listing National Stock Exchange of India Limited Corporate Communication Department Bandra (EAST), Mumbai – 400 051
<b>Scrip Code: 539268</b>	<b>Scrip Symbol: SYNGENE</b>

Dear Sir/Madam,

**Subject: Submission of Annual Report for FY 2016-17**

Pursuant to the Regulation 34(1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith is the Annual Report of Syngene International Limited for financial year 2016-17, after being approved and adopted at the recently concluded Annual General Meeting of the Company on July 28, 2017.

Further, the Annual Report is also available on the website of the Company i.e. [www.syngeneintl.com](http://www.syngeneintl.com).

Request to kindly take this intimation on record.

Yours faithfully,

For **SYNGENE INTERNATIONAL LIMITED**

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Mayank Verma

**Company Secretary**

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**Enclosed: Annual Report 2016-17**

*Syngene*

▶  
Relentless.  
Reliable.  
Responsible.





# Contents

Relentless	2	Corporate Information	34
Reliable	4	Board of Directors	35
Responsible	6	Executive Committee & Senior Leadership Team	38
The Syngene Advantage	8	Board, Committees and Others	39
Journey of Excellence	10	Board's Report	41
Taking the Business of our Customers Ahead	12	Annexures to the Board's Report	48
Syngene in Numbers	14	Management Discussion & Analysis	72
Robust and Resilient Business Model	16	Corporate Governance Report	79
Relentlessly Enhancing Multi-Year Value	18	Business Responsibility Report	94
Responsibly Enhancing Multi-Quarter Performance (during 2016-17)	19	Financial Statements	103
Reliably Enhancing Business Performance	21	Notice to AGM	147
Strengthening our Service Repertoire	24	Instructions for e-voting	154
Upcoming Facilities	26		
Support Functions	27		



Relentless.  
Reliable.  
Responsible.

Research is a journey. A journey of relentless quest for finding reliable solutions in a responsible manner. We, at Syngene, are committed to partnering R&D-focused organizations across the globe in their research journey. Working relentlessly on cutting-edge scientific projects. Developing innovative and reliable solutions. To address some of their critical scientific problems in the most responsible and responsive manner.



# Relentless





Syngene has, over the last two decades, relentlessly invested its intellectual and financial capital in building expertise in cutting-edge science and technology for developing innovative solutions that meet the R&D requirements of global organizations.

It was incorporated in 1993 with the objective of providing world-class R&D outsourced services to science-focused organizations across the globe, and becoming a leading global CRO player.

Today, Syngene has emerged as India's largest and the only listed CRO.

- Providing R&D services to multiple industries including pharmaceuticals, biotechnology, nutrition, animal health, consumer goods, agrochemical, cosmetics and specialty chemicals.
- Providing a range of discovery and development services for Novel Chemical Entities (NCEs) across multiple domains – small molecules, large molecules (biologics), antibody drug conjugates and oligonucleotides.
- Offering multiple engagement points across a molecule's discovery and development journey.
- Offering an attractive variable cost alternative to the conventional fixed cost R&D model.

▶ Reliable





Over the last two decades, Syngene, through a comprehensive strategy of strengthening research capabilities and focusing on client satisfaction, has become a reliable and trustworthy partner for global innovator companies by continually expanding its service offerings to meet their evolving R&D needs.

Syngene implemented various strategic initiatives during FY2016-17.

- Introduced bioinformatics services by acquiring the systems biology and pharma bioinformatics services of Strand Lifesciences, reinforcing its position as a 'One-Stop' solution provider.
- Strengthened biology service capabilities by adding new services like Next Generation Sequencing Technology Platform for genomics, transcriptomics and microbiomics work.
- Expanded competences in the pharmacological study of niche therapeutic segments like oncology, cardio-metabolic disorders, neurology, kidney disease and inflammation.
- Introduced viral testing services by setting up a dedicated viral testing facility, which will augment company's biologics capabilities

Syngene's 'reliable partner' position is strongly reflected in its growing client base and increasing number of dedicated R&D centers. The company had 293 clients and built two new dedicated R&D centers in FY2016-17.

# Responsible





In an endeavor to become a responsible partner for global R&D-focused organizations, Syngene has constantly aligned its operations with global best practices. The company has meticulously structured its operations to meet global compliance and governance standards.

Syngene's stringent compliance and governance standards are reinforced across various levels.

- 'Zero tolerance' approach to data integrity and IP protection through investments in IT framework has ensured not one instance of breach in its two decades of existence.
- Impeccable track record of quality and regulatory compliance.
- Sustained on-time delivery of projects.

Syngene has always believed in maintaining an open and transparent line of communication with clients. In FY2016-17, when a fire broke out at one of our R&D facilities, we immediately and responsibly communicated this to all clients, along with its impact on their on-going projects. As a responsible business partner, we worked uncompromisingly to shift on-going projects to alternative locations, minimizing project disruption.

This sensitive responsiveness reinforced Syngene's position as a trusted partner in meeting the evolving R&D needs of global clients. This was strongly reflected in the fact that except one all other clients continued their association with Syngene following the fire.

## The Syngene Advantage



## Snapshot of FY2016-17



\* Valuation as on March 31st, 2017 based on the closing price of the company's share

- ▶ Ability to adapt to industry-specific expertise
- ▶ Significant expertise in offering services to diverse industries

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- ▶ World-class offerings with an India cost advantage
- ▶ World-class infrastructure, quality systems, scientific standards and productivity

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- ▶ Customization of resources with flexibility
- ▶ Customized, dedicated resources with the flexibility to regulate upwards or downwards

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- ▶ Ability to attract an experienced scientific talent pool
- ▶ Scientific talent pool with relevant domain expertise and global experience

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- ▶ Variabilization of resources
- ▶ Converting fixed R&D, manufacturing costs to variable costs for partners

# Journey of Excellence

1994

▶ Initiated operations as a CRO with services in chemistry and biology

2002

▶ Forayed into chemical development with a dedicated manufacturing facility

2009

▶ Initiated operations in formulations development  
▶ Extended partnership with Dupont Crop Protection for R&D services

1998

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

2007

▶ Safety assessment and large molecules development services  
▶ 1st Dedicated R&D Center of Syngene set up for BMS

2010

▶ Acceptance of the clinical and bio-analytical facilities by FDA

## 2011

- ▶ Collaboration with Endo Pharma to develop novel biological therapeutic molecules against cancer

## 2014

- ▶ Extended collaboration with BMS for Dedicated R&D center till 2020
- ▶ API manufacturing facility accepted by FDA
- ▶ Established a 75,000 sq. ft. Stability Center

## 2016

- ▶ Established Dedicated R&D Center for Amgen & Herbalife
- ▶ Bioinformatics services launched; Viral Testing Facility and SRC Commissioned
- ▶ Dynamic Enterprise of the Year Award at the 9th Annual Pharmaceutical Leadership Summit

## 2013

- ▶ Established Dedicated R&D Center for Baxter International and Abbott Nutrition

## 2015

- ▶ Listing on BSE & NSE
- ▶ Bangalore India Bio Excellence Award
- ▶ Organization with Innovative HR Practices Award @ 14th Annual Asia Pacific HRM Congress 2015

## 2017

- ▶ Commissioned Phase I of new Formulation Center

# Taking the Business of our Customers Ahead



Syngene International Limited is a leading contract research and manufacturing organization that supports R&D programs, from lead generation to clinical and commercial supplies. Our talented and highly experienced scientific teams have multi-disciplinary skills in integrated drug discovery and development for large and small molecules. These skills and competencies have helped us partner many global innovators in their novel molecular development programmes.

Over the years, we have invested in creating world-class infrastructure that has been audited successfully by US FDA, EMA, AAALAC, among others, and a robust governance framework that focuses on client satisfaction, ethics and integrity.

In recognition for our contribution in the field of research and development for the life science industry, Syngene was felicitated with the 'Dynamic Enterprise of the Year 2016' award at the 9th Annual Pharmaceutical Leadership Summit & Pharma Leaders Business Leadership Awards 2016.

## Vision

To be a world class partner delivering innovative scientific solutions.

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



# Syngene in Numbers



23

Years of rich experience in the CRO space across the discovery and development services for novel molecular entities with a strong track record of quality and regulatory compliance.

3053

Research scientists (more than 90% with Doctorate or Master Degrees)

10

Number of major industries catered – pharmaceuticals, biotech, nutrition, animal health, agrochemical, consumer goods, specialty chemicals, cosmetics, academic and not-for-profit organizations.

293

Number of clients serviced, comprising a judicious mix of large multinationals, mid-sized enterprises and start-up companies across different industry segments.

1.3

Million Sq. ft sprawling research and manufacturing infrastructure, successfully audited by various global regulatory authorities like USFDA, EMA, AAALAC and major life science partners.

## Robust and Resilient Business Model



### Service Basket

An integrated end-to-end service repertoire across the discovery, development and manufacturing continuum for innovative molecules.

**Value proposition:**

This comprises discovery (from 'hit' to candidate selection), development (pre-clinical and clinical studies, analytical and bio-analytical evaluation, formulation development and stability studies) and manufacturing (scale-up, pre-clinical, clinical supplies and commercial launch quantities) services.

### Seamless Engagement Opportunities

'Plug-and-play' business model that creates opportunities for increased customer engagement and project expansion across the continuum.

**Value proposition**

This provides clients with multiple entry points across an integrated operating structure allowing Syngene to engage with the client at any point of the molecule's discovery and development journey and 'following the molecule' to its commercialization.

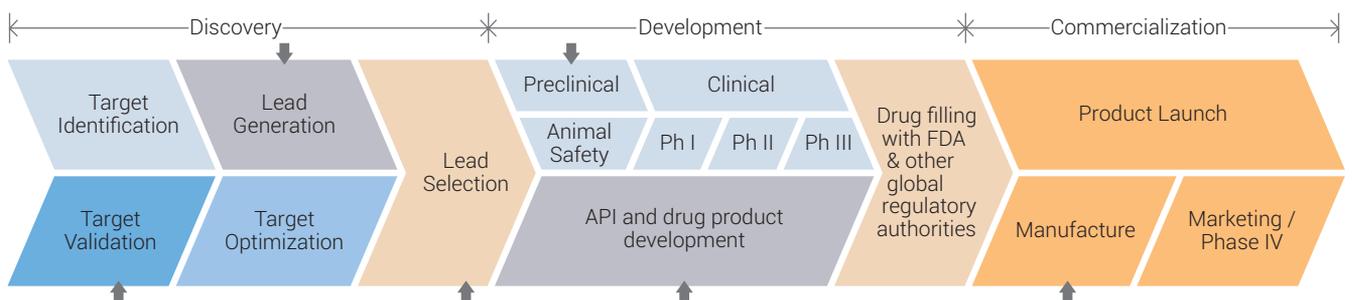
### Flexibility

Multiple engagement choice to suit specific business requirements.

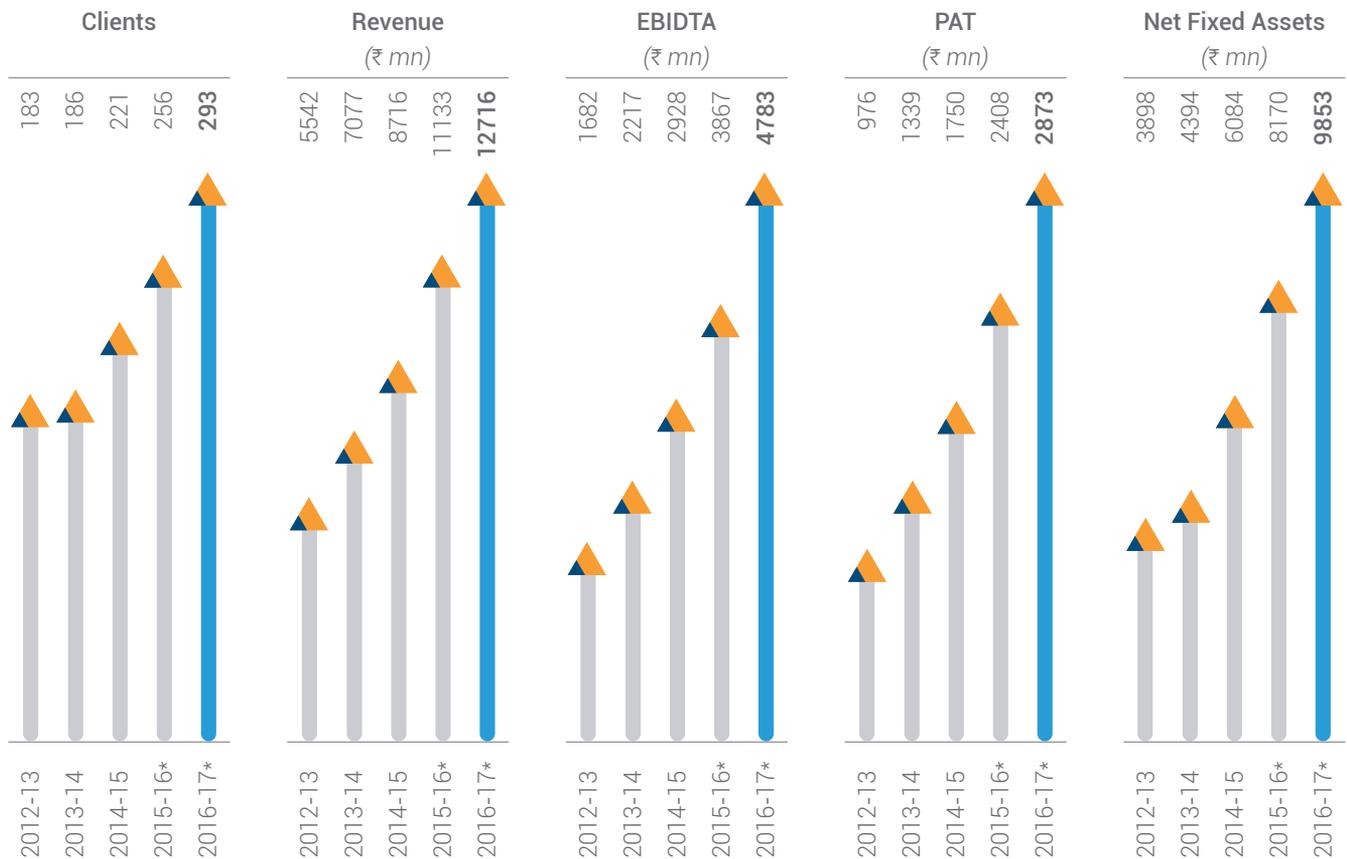
**Value proposition**

Clients can select to engage for a component service or a cluster of services or a fully-integrated dedicated service, with dedicated infrastructure and teams. Component services are generally short-term Fee for Service (FFS) contracts with fixed deliverables while cluster and dedicated services are long-term Full Time Equivalent (FTE) contracts where the deliverables are mutually decided upon based on the project's progress.

### Plug-and-play business model



# Relentlessly Enhancing Multi-Year Value



\* FY2015-16 & FY2016-17 figures are as per Ind AS



## Responsibly Enhancing Multi-Quarter Performance (during 2016-17)

Q1



### Highlights

- Commissioned first phase of Syngene Research Center spread across 50,000 sq ft.
- Viral Testing facility started operations.
- Added new capabilities in development and manufacture of Oligonucleotide and Antibody Drug Conjugate.

Q2



### Highlights

- Set up a dedicated R&D center for Amgen, Syngene's fourth dedicated R&D center.
- Acquired bioinformatics capabilities from Strand Life Sciences and brought onboard a team of skilled data scientists.

Q3



Highlights

- A fire incident at one of the research facilities caused extensive damage to infrastructure; no loss of life or injuries reported. All affected operations were successfully transferred to different locations within the campus.
- Loss of one client due to the fire.
- Abbott Nutrition extended its ongoing collaboration with Syngene for one year.

Q4



Highlights

- Commissioned the first phase of new Formulation facility.
- Opened dedicated R&D center for Herbalife Nutrition; Syngene's fifth dedicated R&D center.
- Clinical development facility successfully completed the USFDA audit.

## Reliably Enhancing Business Performance



Syngene's business is spread across three verticals: Dedicated R&D Centers, Discovery Services and Development & Manufacturing Services. The Dedicated R&D centers vertical consists of long-term, FTE-based client engagements with dedicated infrastructure, support systems and project teams. The Discovery Services vertical consists of multiple client engagements across Discovery Chemistry and Discovery Biology-based service offerings. The Development and Manufacturing Services vertical encompasses the services, which support a molecule once it moves beyond *in-vivo* testing to preclinical studies and clinical development. This also includes manufacturing of the molecules for clinical supplies and initial commercialization.

These three verticals underpin our integrated service platform as the molecule moves through the discovery-development continuum, and towards commercialization.

### Dedicated R&D Centers

This vertical involves long-term FTE-based strategic collaborations ranging five years or longer and entails setting up dedicated, customized infrastructure as per client requirements and specification, with a dedicated team of multi-disciplinary scientific talent pool. We set up our first dedicated R&D Center for Bristol-Myers Squibb in 2009 which was later extended upto 2020. Subsequently, we also set up dedicated R&D Centers for Baxter Inc. and Abbott Nutrition.

During FY2016-17, we built two new dedicated R&D Centers – the Syngene Amgen R&D Center (SARC) for Amgen Inc. and the Herbalife Nutrition R&D Center for Herbalife Nutrition. SARC will have a dedicated team of more than 100 highly qualified scientists, working in close association with Amgen researchers around the world on discovery and development of innovative medicines. The Herbalife Nutrition R&D Center is Herbalife's first nutrition R&D Center in India and will help Herbalife Nutrition develop and formulate world-class nutrition products for Indian consumers. The facility also houses a separate Good Manufacturing Practices (GMP) formulations lab to support product testing, sampling and end-product development.

	Biocon BMS Research Center (BBRC)	Baxter Global Research Center (BGRC)	Abbott Nutrition Research & Development Center (ANRD)	Syngene Amgen R&D Center (SARC)	Herbalife Nutrition R&D Center
Client	Bristol-Myers Squibb	Baxter International Inc.	Abbott Laboratories (Singapore) Pte. Ltd.	Amgen Inc.	Herbalife Nutrition
Center	Largest R&D center in Asia set up in 2009.	Dedicated research center in India set up in 2013.	1st R&D center in India set up in 2012.	Exclusive R&D Center in India set up in 2016.	1st R&D center in India set up in 2016.
Facility	Equipped with world-class facilities.	State-of-the-art facility capable of providing best-in-class R&D services (medical products and devices).	Dedicated research center supporting development of affordable, nutrition products.	State-of-the-art dedicated center supporting variety of discovery & development projects for biotechnology and small molecule medicines.	Facility includes a separate Good Manufacturing Practices (GMP) formulation lab to support product testing, sampling and end-product development.
Team	Over 400 scientists engaged in the search for small and large molecules.	Engages a multifaceted team of ~150 scientists.	~30 multi-disciplinary scientists engaged in various activities across product development lifecycle.	Engages multidisciplinary team of ~ 100 scientists.	Engages a multifaceted team of Syngene scientists.
Activity	Produced nine drug candidates for further study and received approvals for human trials.	R&D activities centered on product development and preclinical evaluation of molecules in parenteral nutrition and renal therapy categories.	Focus on maternal, pediatric and neonatal nutrition, and providing diabetic care, in line with emerging market needs.	Focus on medicinal & process chemistry, biologics, bioprocess, drug metabolism, pharmacokinetics, bioanalytical research and pharmaceutical development	Focus on product development, sensory evaluation and testing, scientific content writing pertaining to nutritional products and supplements, project management, formulation development, analytical service, stability study and other related services.

## Discovery Services

Syngene's Discovery Services comprise Discovery Chemistry and Discovery Biology services. Discovery Chemistry is the process of designing novel chemical entities with potential application across a wide variety of sectors. Our Discovery Chemistry services encompass several principle compound classes including heterocyclic, natural products, saccharides, peptides and nucleosides. During FY2016-17, we made significant investments in further enhancing specialty chemistry and chemistry-enabling capabilities supporting the life sciences sectors, such as automated peptide synthesis, antibody-drug-conjugate (ADC) chemistry, computer aided drug design (CADD) and medicinal chemistry expertise. Investments were also made in material science services such as increasing the sublimation purification capacity to serve the organic light-emitting diode (OLED) sector. However, the fire incident during the year caused extensive damage to the Discovery Chemistry infrastructure and decelerated its overall growth.

Discovery Biology supports small molecules (target identification, validation and lead selection) and large molecule (therapeutic molecule

generation, protein engineering, screening and lead selection) discovery research. Syngene's Discovery Biology service offerings encapsulate molecular biology, cell-line and antibody generation, protein sciences, assay biology, absorption, distribution, metabolism, and excretion (ADME), crystallography, drug metabolism and pharmacokinetics (DMPK) and *in-vivo* pharmacology studies. FY2016-17 saw a strong traction in our Discovery Biology services with the addition of various new capabilities. These include Next Generation Sequencing (NGS) Technology Platform for genomics, transcriptomics and microbiomics work, new antibody discovery platforms using NGS, B cell cloning and *in vitro* immunization, newer generation flow cytometers for rapid, multi-color cell analysis and sorting, expanded capabilities in pharmacological of oncology, cardio-metabolic disorders, neurology, kidney disease and inflammation.

## Development and Manufacturing Services

The Development and Manufacturing services vertical supports the journey of a molecule through the preclinical studies, clinical development, formulation development, stability

studies and manufacturing for clinical supplies as well as commercialization. The growth in development and manufacturing services during the year was driven by a strong performance in the chemical development segment.

Syngene commissioned a pilot facility for Oligonucleotide in SiRNA area. We also developed particle engineering capability to enhance late-stage development capabilities. In order to strengthen systems and processes for better output and process control, we invested in complete automation of our reaction optimization system to support PRD and also introduced FDA-compliant systems in analytical studies for data control and management. We also successfully completed several client audits for our manufacturing facility and submitted applications for AFM (Accreditation of Foreign manufacturers) for the Japanese market.

The clinical development facility successfully cleared two significant regulatory inspections, from EMA (European Medicines Agency) and US-FDA respectively, with no significant findings.

## Strengthening our Service Repertoire



### Formulation Facility

#### Overview

Syngene commissioned the first phase of a new formulation manufacturing facility during FY2016-17. The facility has capabilities to support formulation development, clinical manufacturing and small volume niche technology product manufacturing services for its clients. It also strengthens our ability to provide end-to-end integrated development and manufacturing

services starting from drug substance, drug product and clinical supplies.

#### Opportunity

In 2015, the pharmaceutical industry spent approximately USD141 billion on formulation development and manufacturing, according to an industry report. This provides huge opportunities for providing outsourcing services for formulation development and manufacturing.

#### Syngene's Infrastructure

The new formulation facility is state-of-the-art and designed to meet regulatory requirements of US FDA, EMA and rest of the world's regulatory agencies. It can undertake the manufacturing of Solid oral dosage forms (Tablets/Pellets/Capsules/DiC/Granules/Powders/NDDS) from a scale of 0.5 kg to 10 kg and 15-120 kg.

## Bioinformatics, a Large Opportunity

Syngene added bioinformatics capabilities following the acquisition of assets related to systems biology, and pharma bioinformatics services from Strand Life Sciences, a leading bioinformatics company in Bangalore. This strategic acquisition complements our integrated service platform.

### Opportunity

Globally, there is an increasing focus on data management and data analysis. According to a Biospectrum Report, the global informatics market is

expected to grow from around USD10 billion in 2013 to around USD30 billion by 2020 at a compounded annual growth rate (CAGR) of over 15%. The consequent growth in bioinformatics services demand provides an attractive opportunity for an integrated CRO like Syngene. Bioinformatics services can be provided either on a standalone basis or as part of an integrated drug discovery and development project. Such integrated projects typically generate large volume of data that needs to be accurately interpreted and

analyzed. Providing bioinformatics services will be a value-addition for clients in achieving their R&D objectives.

### The Value-add

Syngene has plans to expand its services into new areas like Next Generation Sequencing, Translational R&D, Predictive Toxicology and Preemptive Target Validation Services. This acquisition will support Syngene aggregate the right bioinformatics capabilities for delivering these new services.

## Viral Testing, a Niche Value-add

Syngene commissioned a state-of-the-art Viral Testing Facility in FY2016-17. The facility will provide niche services to support the viral testing requirements of the pharmaceutical and biotechnology sectors.

### Overview

Viral testing is an integral part of dossier submissions (safety assurance) to regulatory authorities. This comprises the conduct of clinical trials and marketing authorizations. The testing is mandatory for all biopharmaceutical products (novel and

bio-similars produced on mammalian expression systems).

### Opportunity

Biologics is a rapidly emerging area marked by an increasing shift from pharmaceutical to biopharmaceutical drugs. Viral testing is carried out by biologics manufacturers to detect virus contaminations in biologics and biosimilars. Regulatory filings for these new biopharma drugs also need to include viral testing reports as part of their submissions. Globally, only a handful of CROs offer these services, a

majority based out of US and Europe.

### Syngene's Infrastructure

The state-of-the-art BSL-2 (Bio Safety Level - 2) facility is compliant with Good Manufacturing Practices and Good Laboratory Practices, and is equipped with segregated cell culture, viral testing, molecular and analytical laboratories. Syngene's viral testing services will augment its biologics service portfolio, strengthening its position as a one-stop solution provider.

## Upcoming Facilities



### Mangalore Manufacturing Facility

Many of the client molecules that Syngene is associated with are in the late phase of development, and could soon be ready for commercial launch. Besides, there is limited commercial manufacturing happening from India for innovator molecules. All this makes for a good business case to forward-integrate into the large-scale commercial manufacturing space. Syngene is investing USD 100

million in its upcoming commercial scale manufacturing facility that is taking shape across 40 acres in the Mangalore SEZ. When operational, the plant will manufacture Active Pharmaceutical Ingredients and Intermediates. The conceptual and basic engineering designing activity of the project is complete. It has received the Environment Clearance, and construction activity is scheduled

to commence by mid-FY18. The API facility will be designed to develop processes for commercial launch scale material. The facility will meet national and international regulations, and shall be built as per the cGMP and other appropriate regulatory guidelines applicable for the respective product lines.

### Biologics Manufacturing Facility

Biologics, or large molecules, is one of the fastest growing segment globally. It is estimated that by 2020, biologics will generate USD 290 billion in revenue and will make up for 27% of the pharmaceutical market. Syngene

also sees biologics as one of its strategic growth drivers. In order to strengthen its biologics manufacturing capabilities, it is setting up a new facility in Bangalore. The facility will have three single use bioreactors

each having a capacity of 2000L. It will also have two upstream suites that will enable parallel operations and one downstream train with post-viral segregation. The facility is expected to be commissioned by mid-FY18.



# Support Functions

## Quality and Regulatory Compliance

In an endeavor to become a reliable R&D partner to over 293 global organizations, including eight of the top ten global pharma companies, Syngene has built in place a strong quality and regulatory compliance mechanism.

The Quality Department is an independent functional unit that reports to the CEO's office. It has two main divisions - Corporate Quality & Regulatory Compliance and Quality Assurance. Corporate Quality & Regulatory Compliance provides policy level guidance and inputs with an aim to establish a framework for compliance not just for internal Business Units but also for

Syngene's clients and partners. The Quality Assurance division addresses the requirements of each individual business verticals.

The Quality department is staffed with employees across the GXP platform to support GCP, GLP and GMP activities including support for R&D functions. Quality systems are continuously monitored, reviewed and upgraded to comply with the evolving international regulations, guidelines, standards and industry best practices. Adequate and appropriate control mechanisms, based on regulatory requirements, have been incorporated into the Quality Management System.

Despite the complexities and challenges in the regulatory requirements across various segments, Syngene has been successful in supporting its clients in their regulatory submissions. This has resulted in Syngene being inspected by various regulatory authorities and standard/ accreditation bodies since the past five years including DCGI (India), NGCMA (India), NABL (India), ANVISA (Brazil), EMA (Europe), MHRA (UK), FDA (US), CAP (USA), and BLOS (Thailand).

During FY2016-17, Syngene successfully hosted several inspections by national and international authorities.

### Accreditation Body / Regulatory Agency

GCP Inspections	GLP Inspections	GMP Inspections	Indian Regulatory Authorities
US FDA [BIMO].	National GLP Compliance Monitoring Authority (NGCMA)	QSS	Central Drugs Standard Control Organization (DCGI)
National Accreditation Board for Testing and Calibration Laboratories [NABL].		EMA- VMD/ANSES	Karnataka Drugs Control Department (State Licensing Authority)
BfArM, Germany and ANSM, France.		TUV NORD	
College of American Pathologists [CAP].		US FDA	
DDC, CDSCO Bangalore.			

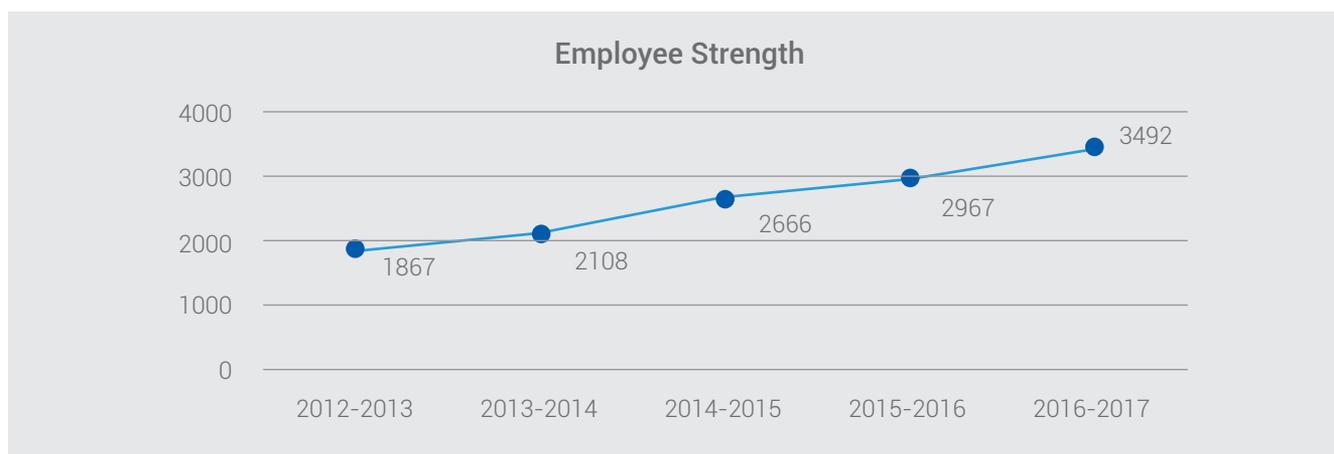


## Human Resource

Syngene strongly believes that having the right workforce and creating the right work environment is essential in its relentless pursuit of retaining its position as a reliable and responsible partner for global clients.

This philosophy guides the company's HR policies and practices, helping create an engaging workplace environment that attracts and retains the best talent. We support a culture of collaboration, meritocracy, learning and engagement.

The company is steadily increasing its scientific pool by an average 17%, annually in the last five years, while enhancing people retention, which is higher than the industry average.



During FY2016-17, Syngene inducted 525 members into its work-force from various disciplines. Fresh

graduates were recruited from leading educational institutes and were provided advanced training at

the Syngene Training Academy, to prepare them to be a part of Syngene's dynamic workforce.

### Learning & Development

Syngene's Learning and Development (L&D) activities during the year were aimed at refining specific L&D needs arising out of business priorities by

conducting targeted in-house/external trainings (both in India and abroad). The focus was on driving capability enhancement, leadership development as well as bespoke scientific/ technical

trainings at all levels. The business units drive the mandate for training and development relevant to respective work groups, which are based on the needs of different job families.

**Strategic Business Partnering**

Over last few years, Syngene gradually transitioned from being a function-led organization to a business-led structure with HR acting as one of the predominant enablers of business growth. This transformation allows the Business Heads with P&L responsibility for their

respective BUs to drive accountability and results, with efficient decision-making while working in tandem with their HR Business Partnering teams. The Business Partnering teams identified various needs and required interventions to manage the employee lifecycle from hire to retire as well as enhance the level

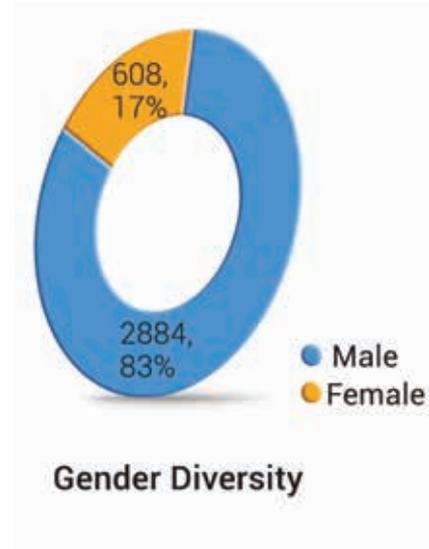
of employee engagement for each respective business unit. HR Business Partners implemented organization-wide Skip Level Interventions to create, encourage and establish open channels of communication and transparency leading to understanding and resolving employee concerns.

**Gender Diversity**

Syngene remains committed to ensuring workforce gender diversity. Women constituted 17% of its total workforce during FY2016-17. Stree@ Syngene is an initiative that drives the agenda of diversity and inclusion at the workplace with perspectives and ideas critical to organizational success. It has two primary focus areas - Wellness and Inclusion and Career Development. Building a caring, convenient and sensitive workplace for expecting and new mothers, providing support facilities like daycare center, improved transport facilities to ensure safe and hassle-free commuting, conducting health awareness

initiatives like special screening for the early detection of breast cancer, spreading awareness about menstrual hygiene, providing counselling on parenting and childcare and guiding female employees on managing their finances and investments are some of the activities conducted by Stree@ Syngene during FY2016-17.

Syngene's Internal Complaints Committee (ICC) drives the policy of 'Prevention of Sexual Harassment' (POSH) with a tiered escalation structure, as stipulated by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act.



**Engaging the Workforce**

Syngene continued to focus on collaborative working and fostering an environment of learning and engagement. The company fostered an exciting workplace, marked by innovation and outperformance,

while providing host of facilities like cafeteria, transport facility, childcare facility, annual health check, medical insurance, holiday benefits, relocation allowance, shift allowance, well-equipped gym and other amenities. Syngene created various internal

committees, comprising cross-functional teams like the Syngene Swach Sammitti, which enhances civic awareness, and Syngene Sports Club, which conducts sporting events. These forums strengthen intra-company relationships and welfare.

## IT Backbone



Syngene understands that the key requirement for becoming a reliable and responsible R&D partner for global clients is to build a robust information technology (IT) infrastructure that ensures data and IP protection. Given the complex nature of research projects and the global spread of clients, most of our operations are highly dependent on IT. Our IT-driven systems and processes allow seamless and secure exchange of information and data between the various internal project teams as well as with the client teams.

All business processes, starting from lead management, project

initiation, procurement, manufacturing, compound synthesis, analytical testing, shipment etc. are integrated using the SAP ERP system. A world-class Data Center, with state-of-the-art equipment and virtualized server infrastructure, supported by a robust LAN network and firewalls and Intrusion Prevention system, has been set in place.

A strong computing and communication infrastructure, with all relevant informatics modules, was implemented at all the new facilities and dedicated centers commissioned during FY2016-17. The IT team also implemented the Xybion Pristima

solution for complete automation of drug safety research and vivarium management. A robust Data Loss Prevention (DLP) system to prevent unauthorized sharing of information and Advanced threat protection (ATP) system to provide security against sophisticated malware or hacking-based attacks targeting sensitive data was also integrated into the network for increased security.

A well-defined Access Right Management (ARM) system was implemented that allowed information access purely on an authorization basis.



## Environment, Health, Safety and Sustainability

Syngene considers Environment, Health, Safety and Sustainability (EHSS) as a top priority in its pursuit to be a responsible R&D partner. It has put in place a comprehensive EHSS management system that complies with all regulatory guidelines. Syngene is accredited with ISO 14001: 2015 and OHSAS 18001: 2007 certification from TUV Nord.

### Environment

Syngene successfully implemented various measures aimed at optimizing, recycling, recovery and reuse of resources. We are committed to the philosophy of Zero Liquid Discharge at our sites.

### Sustainability

Various sustainability initiatives were taken up to reduce the impact on the environment. These included:

- Green lab certification – model of 5 labs that has been selected to check the effectiveness of energy reduction and resource preservation steps
- Replacing high hazardous chemicals with the less hazardous ones
- Replacing CFLs with LEDs
- Reverse Phase Purification (reduction of solvent usage)
- Installation of high pressure water jet pump (reduction in water usage)

### Health

A healthy workforce is a foundation for a healthy and growing organization. Guided by this philosophy, we conducted an annual health check-up for all employees and contractors for FY2016-17. The company's robust Industrial Hygiene Practice Monitoring System included respiratory programs, work place monitoring, environment

monitoring and occupational exposure level monitoring programmes.

### Safety

Considering the hazardous nature of our operations, safety of life and infrastructure is accorded great priority at Syngene. An online Incident Reporting System was implemented that encouraged employees to report near-misses and contribute in creating a safe and incident-free working environment. All the critical activities were addressed through appropriate risk assessment, process hazard analysis and prestart up safety review. During FY2016-17, the EHSS department carried out 135 risk assessments to ensure safety in all critical processes.

Syngene constituted a three-level Internal Safety Committee to continually monitor and improve the EHSS systems. These committees included members from the senior management team, supervisory managers and unit level members. Well trained Emergency Response Teams (ERTs) were constituted for each facility to ensure timely action in case of any emergency. During the fire at one of the R&D facilities, it was the prompt action by the ERT that ensured no loss of life or injuries. Regular mock drills were conducted to create

an environment of awareness and readiness.

### Safety Training

Safety training modules were designed based on the nature of job and risk for all regular as well as contract employees. The modules included lab safety, chemical safety, operation of emergency safety equipment, EHS systems, emergency response procedure, contractor safety, first aid and fire fighting. External training on firefighting and rescue operations was organized with the help of Karnataka Fire and Emergency Services.

### EHS Award

The FY2016-17, Syngene's EHS Management System was awarded the 4-star rating by the Confederation of Indian Industry, Southern Region. It was bestowed Excellence Award by Confederation of Indian Industries (CII) for best practices in the service industry during FY2015-16. The EHS Awards recognizes companies that apply the best and most innovative practices in the area of Environment, Health and Safety in the work place. Moreover, the awards also present opportunities for participating companies to benchmark against some of the best practices in the industry.

## Corporate Information



### Management Team

Standing from left to right

**Dr. Vijay Kachroo** (Independent Director), **Manoj Nerurkar** (Chief Operating Officer), **Paul Blackburn** (Independent Director), **M.B Chinappa** (Chief Financial Officer), **Suresh Talwar** (Independent Director), **Jonathan Hunt** (Whole-time Director\* and Chief Executive Officer), **Dr. Bala S. Manian** (Independent Director), **Peter Bains** (Non-Executive Director)\*\*

Sitting from left to right

**Russell Walls** (Independent Director), **Kiran Mazumdar Shaw** (Managing Director), **Prof. Catherine Rosenberg** (Non-Executive Director), **John Shaw** (Non-Executive Director)

\* Appointed on May 1, 2017

\*\* Resigned on April 27, 2017

## Board of Directors

### Kiran Mazumdar Shaw,

*MANAGING DIRECTOR*

First generation entrepreneur with 40+ years' experience in the field of biotechnology. Recipient of 'PadmaShri' and the 'Padmabhushan' Awards. Conferred with the highest French distinction - Chevalier de l'Ordre National de la Légion d'Honneur (Knight of the Legion of Honour) in 2016. Only Indian in the Hurun Global Self-Made Women Billionaires List 2017. Chairperson and Managing Director of Biocon Limited. Independent Director, Infosys and Chairperson, IIM, Bangalore.



### Jonathan Hunt,

*WHOLE-TIME DIRECTOR & CHIEF EXECUTIVE OFFICER*

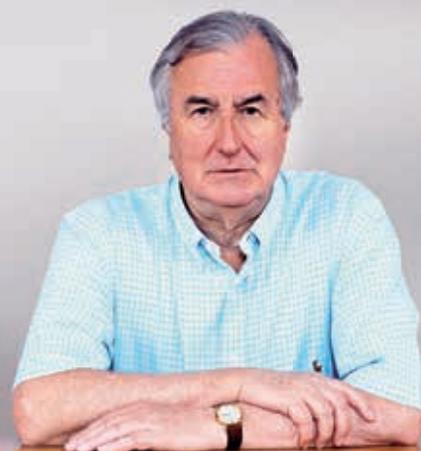
MBA from Durham University. 25+ years of experience in the global biopharmaceuticals industry. Responsible for leading Syngene's business operations as well as steering its investments in developing and strengthening its capabilities and capacities. Held various leadership positions at Astrazeneca for over a decade including President & Director of Astrazeneca, Austria and President & COO, Astrazeneca India.



### John Shaw,

*NON-EXECUTIVE DIRECTOR*

Master's degree in Arts (Economic Hons.) in History and Political Economy from Glasgow University, United Kingdom. Executive Vice-Chairman of Biocon Limited. Worked with Coats Viyella Plc. for 27 years. Served as Finance Director and Managing Director of Coats Viyella group companies. Former Chairman, Madura Coats Limited.



**Prof. Catherine Rosenberg**

*NON-EXECUTIVE DIRECTOR*

Diplome d'Ingénieur' from the Ecole Nationale Supérieure des Telecommunications de Bretagne, an M.S. (Computer Science) from the University of California, a 'Doctorat en Sciences' from the Université de Paris XI. Fellow Member of the Institute of Electrical and Electronics Engineers and a Fellow Member of the Canadian Academy of Engineering. Professor in electrical and computer engineering at the University of Waterloo.



**Russell Walls**

*INDEPENDENT DIRECTOR*

Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Experience of 45+ years in the field of finance. Experience across a range of industries such as pharmaceuticals, insurance, textiles, transport and leisure. Currently Chairman of Aviva Life Holdings Limited. On the Board of Biocon Limited, Mytrah Energy Limited, Aviva Italia Holdings SpA and Signet Jewellers Limited.



**Paul Blackburn**

*INDEPENDENT DIRECTOR*

Bachelor's degree in Science (Management Sciences) from Warwick University and a professional accounting qualification from Institute of Cost and Management Accountants, United Kingdom. 40+ years of experience in the field of finance. Worked as senior finance executive at GlaxoSmithKline, UK. On the Board of Mereo Biopharma Group Plc.



### Dr. Bala S. Manian

*INDEPENDENT DIRECTOR*

Masters' degree in Optics from the University of Rochester and Ph.D. in Mechanical Engineering from Purdue University. 35+ years of experience in the field of biomedical sciences. Over 40 patents in the field of physics, engineering and biomedical sciences. Felicited with Technical Academy Award by the Academy of Motion Picture Arts and Sciences in February 1999 for advances in digital cinematography.



### Suresh Talwar

*INDEPENDENT DIRECTOR*

Bachelor's degree in Law from the Government Law College, Bombay. Solicitor of the Incorporated Law Society, Mumbai. Serving as legal counsel to numerous Indian companies, multinational corporations and Indian and foreign banks. Served as partner at M/s. Crawford Bayley & Co and founded Talwar Thakore & Associates. On the Board of leading companies such as Merck Limited, Samson Maritime, Johnson & Johnson amongst others.



### Dr. Vijay Kuchroo

*INDEPENDENT DIRECTOR*

Ph.D. in Pathology from the University of Queensland. Samuel L. Wasserstrom Professor of Neurology at the Harvard Medical School. 25 patents and over 325 research papers in immunology. Member of the Scientific Advisory Boards of leading pharmaceutical companies including Pfizer, Novartis and Glaxo-Smith-Kline (GSK). Founded 5 different biotech companies including CoStim Pharmaceuticals and Tempero Pharmaceuticals.



Executive Committee



**Jonathan Hunt**  
*Whole-time Director and  
Chief Executive Officer*



**Manoj Nerurkar, Ph.D.**  
*Chief Operating Officer*



**M. B. Chinappa**  
*Chief Financial Officer*

Senior Leadership Team

**Ajit Manocha**

*Head-IT*

**Ajit Simh**

*Head-Corporate Quality / Regulatory  
Compliance*

**Chetan Tamhankar, Ph.D.**

*Head-Clinical Development*

**Dhananjay Patankar, Ph.D.**

*Head-Pharmaceutical and  
Biopharmaceutical Development*

**Gregory Bisacchi, Ph.D.**

*Head-Synthetic Chemistry*

**Jayashree Aiyar, Ph.D.**

*Head-Biology*

**Jegadeesh Thampi, Ph.D.**

*Head-Chemical Development*

**Kalyanasundaram Subramanian, Ph.D.**

*Head-Bioinformatics*

**Madhur Vaidya,**

*Head-Alliance Management*

**Purushottam Singnurkar, Ph.D.**

*Research Director*

**Srinivasa Prahalada, Ph.D.**

*Head-Safety Assessment*



## Board, Committees and Others

### Board of Directors

1. **Kiran Mazumdar Shaw**, Managing Director
  2. **Jonathan Hunt**, Whole-time Director\* & Chief Executive Officer
  3. **John Shaw**, Non-Executive Director
  4. **Prof. Catherine Rosenberg**, Non-Executive Director
  5. **Russell Walls**, Independent Director
  6. **Paul Blackburn**, Independent Director
  7. **Dr. Bala S. Manian**, Independent Director
  8. **Suresh Talwar**, Independent Director
  9. **Dr. Vijay Kuchroo**, Independent Director
- 

### Board Committees

#### Audit and Risk Committee

- **Paul Blackburn**, Chairman (from April 28, 2017)
  - **Russell Walls** (Chairman till April 27, 2017)
  - **Suresh Talwar**
- 

#### Nomination and Remuneration Committee

- **Dr. Bala S. Manian**, Chairman
  - **Dr. Vijay Kuchroo**
  - **Suresh Talwar**
  - **Prof. Catherine Rosenberg**
- 

#### Stakeholders' Relationship Committee

- **Suresh Talwar**, Chairman
  - **Russell Walls**
  - **Paul Blackburn**
- 

#### Corporate Social Responsibility Committee

- **Dr. Bala S. Manian**, Chairman
  - **Dr. Vijay Kuchroo**
  - **Suresh Talwar**
  - **Prof. Catherine Rosenberg**
- 

### Company Secretary and Compliance Officer

**Mayank Verma**

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#### Registered Office

##### Syngene International Limited

Biocon SEZ, Biocon Park,  
Plot No. 2 & 3,  
Bommasandra Industrial Area, IV Phase  
Jigani Link Road, Bommasandra  
Bengaluru 560 099, Karnataka, India  
Tel: (+91 80) 2808 2808  
E-mail: investor@syngeneintl.com  
Website: www.syngeneintl.com

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#### Statutory Auditors

##### B S R & Co. LLP

Chartered Accountants  
Maruthi Info-Tech Center,  
11-12/1 Inner Ring Road, Koramangala,  
Bengaluru 560071, Karnataka, India

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#### Registrar and Share Transfer Agents

##### Karvy Computershare Private Limited

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

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#### Secretarial Auditors

##### V. Sreedharan & Associates

Company Secretaries  
No. 32/3, 1st & 2nd Floor, GNR Complex,  
8 Cross, Wilson Garden,  
Bengaluru 560027, Karnataka, India

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\* Appointed on May 1, 2017



# Board's Report

Dear Shareholders,

The Board of Directors hereby present the 24<sup>th</sup> Annual Report of your Company (the Company) along with the Audited Financial Statements and the Auditors' Report for the financial year ended March 31, 2017.

## Financial Review

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 Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

₹ In Million

Particulars	March 31, 2017	March 31, 2016
Total revenue	12,716	11,133
Total expenditure	7,933	7,266
Profit before interest depreciation and tax	4,783	3,867
Depreciation & Interest	1,318	1,057
Profit before tax	3,465	2,810
Provision for tax	592	402
Profit after tax	2,873	2,408
Total Profit available for Appropriation	9,980	7,107

The highlights of the Company's financial performance during FY 2016-17 are as under:

- Revenue increased by 14% (from ₹ 11,133 million to ₹ 12,716 million)
- Earnings before interest tax depreciation and amortisation (EBITDA) increased by 24% (from ₹ 3,867 million to ₹ 4,783 million)
- Profit after tax (PAT) increased by 19% (from ₹ 2,408 million to ₹ 2,873 million)

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

## Operational Review

In order to build its capabilities in the niche but highly

promising area of bioinformatics, Syngene acquired the systems biology and pharma services practice of Strand Life Sciences Private Limited along with a team of highly experienced scientists and data analysts. We also established an integrated, multi-disciplinary drug discovery and development center for Amgen Inc. and a Nutrition Research and Development Lab for Herbalife Nutrition. With this, the company now has five dedicated centers i.e. for Bristol-Myers Squibb, Abbott Nutrition, Baxter Inc., Amgen Inc. and Herbalife Nutrition. We have also commissioned Phase I of our new Formulation facility that is capable of manufacturing clinical supplies as well as commercial supplies of small volume niche technology products and complies with regulatory requirements of the USFDA, EMA and other regulatory authorities.

During December 2016, there was a fire incident at one of the company's research facilities at Biocon Park in Bengaluru. This facility, including office and lab space, makes up approximately 20% of our total revenues and 12% of our net block. There was no injury or loss of life due to this incident and the company immediately implemented its Business Continuity Plan (BCP) to minimize impact on operations. Further, Industrial All Risk Insurance Policy has helped the Company to minimize the financial impact on account of damage to assets and loss of profits. The said facility has since been non-operational. We are in the process of obtaining necessary statutory approvals to commence the refurbishing activities.

## Paid Up Capital

During the financial year, the equity shares paid up capital stood at ₹ 2000 million.

## Human Resource

Employees are the cornerstone of our business. The Company has a co-operative work culture. We have an experienced and qualified team of scientists across multiple disciplines. As on March 31, 2017 we have 3,492 full time employees including 3,053 scientists. With our strong intellectual strength and deep knowledge base, we intend to continue to drive significant growth in the years to come.

## Dividend

During the financial year, the Board of Directors ("the Board") has adopted the Dividend Distribution Policy as mandated under Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (SEBI Listing Regulations, 2015). The objective of this policy is to help the Board to appropriately reward the shareholders by striking a balance between dividend pay-outs and long term capital appreciation. The "Dividend Distribution Policy" of the Company is available at <http://www.syngeneintl.com/investor-relations/corporate-governance> and is annexed to this report as Annexure 1.

The Board has recommended a final dividend of ₹ 1.00 (i.e. 10%) per equity share for the financial year ended March 31, 2017, entailing a dividend pay-out of ₹ 24 crores (including dividend distribution tax) subject to shareholders' approval at the ensuing Annual General Meeting.

The record date for reckoning the eligible shareholders for the purpose of dividend pay-out will be Friday, July 21, 2017 and dividend will be paid on August 3, 2017.

## Transfer of unpaid and unclaimed amount to Investor Education and Protection Fund

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 the Unpaid Dividend Account is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. During the financial year, there was no amount due for transfer to IEPF.

## Employee Stock Option Plan

Syngene Employee Stock Option Plan ("the Plan") is administered by the Syngene Employee Welfare Trust under the instructions and superintendence of Nomination and Remuneration Committee of the Board. During the financial year ended March 31, 2017, a total of 166,000 options were granted to eligible employees and 1,405,694 equity shares were transferred to eligible employees on exercise of stock options by the Syngene Employee Welfare Trust. Further, the Company has obtained a certificate from the statutory auditors of the Company that the scheme has been implemented in accordance with these regulations and in accordance with the resolution passed by the shareholders.

As required under Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014, the applicable disclosure as on March 31, 2017 is annexed to this report as Annexure 2. The details of the Plan form part of the notes to accounts of the financial statements in this Annual Report.

There is no material change in the Plan and the Plan is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014.

## Material Changes and Commitments

No material changes and commitments have occurred subsequent to the end of the financial year till the date of this report, which affects the financial position of the Company.

## Change in Nature of Business

There has been no change in the nature of business of the company. Your Company continues to be one of the leading contract research organisation (CRO) in the country.

## Loans, Guarantees or Investments

Loans, guarantees and investments covered under Section

186 of the Companies Act, 2013 forms part of the notes to the financial statements.

## Deposits

During the financial year, the company did not accept any deposits covered under chapter V of the Companies Act, 2013.

## Credit Rating

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

## Directors

### I. Appointment

During the financial year, the Board has appointed Jonathan Hunt as Chief Executive Officer (CEO) of the Company effective from April 1, 2016.

The Board of your Company, at its meeting held on April 27, 2017, has appointed Jonathan Hunt, Chief Executive Officer, as a Whole-time Director of the Company for a period of five years commencing from May 1, 2017, not liable to retire by rotation, subject to shareholder's approval in the ensuing Annual General Meeting.

The Board has also appointed Dr. Vijay Kuchroo as an Additional Independent Director on the Board of the Company effective from March 1, 2017, who shall hold office up to the date of ensuing Annual General Meeting. Thereafter, subject to shareholder's approval, he will be appointed as an Independent Director for a term of three years commencing from the date of Board's appointment till the conclusion of Annual General Meeting proposed to be held in 2020 and not liable to retire by rotation.

### II. Re-appointment

The shareholders at its Annual General Meeting held on July 23, 2014 had appointed Russell Walls as an Independent Director for a tenure of three years i.e. till the conclusion of Annual General Meeting proposed to be held in the year 2017. Now, Russell Walls tenure will come to an end at this Annual General Meeting.

The Board at its meeting held on April 27, 2017, had re-appointed Russell Walls, as an Independent Director for another term of three years commencing from the conclusion of the ensuing Annual General Meeting till the conclusion of the Annual General Meeting proposed to be held in 2020 and not liable to retire by rotation.

The brief resumes of the Directors seeking appointment/ re-appointment at the ensuing Annual General Meeting, in pursuance of Regulation 36(3) of SEBI Listing Regulation, 2015, are annexed to the Annual General Meeting Notice.

### III. Retirement

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

### IV. Resignation

Peter Bains, Non-Executive Director and former CEO of your Company, has stepped down from the Board with effect from the conclusion of the Board meeting held on April 27, 2017. Peter has been associated with the Company since 2010 and was instrumental in driving its growth and a successful Initial Public Offer (IPO).

## Key Managerial Personnel (KMP)

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are Kiran Mazumdar Shaw, Managing Director, Jonathan Hunt, Chief Executive Officer, M B Chinappa, Chief Financial Officer and Mayank Verma, Company Secretary. During the financial year, Jonathan Hunt has been appointed as Chief Executive Officer of the Company with effect from April 1, 2016.

## Declaration by Independent Directors

The Company has received necessary declaration from the Independent Directors in accordance with the requirements of Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and the SEBI Listing Regulation, 2015.

## Policy on Directors' Appointment and Remuneration

The policy of the Company 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 annexed to this report as Annexure 3.

## Meetings of the Board

A calendar of board meetings is prepared and circulated in advance to the Directors. During the financial year, the Board met five times, details of which are given in the Corporate Governance Report that forms part of this Annual Report.

The intervening gap between the two Board meetings were within the period as prescribed under the Companies Act, 2013 and the SEBI Listing Regulations, 2015.

## Audit Committee

The Audit Committee of the Company comprises entirely of Independent Directors. The members of the Committee are Russell Walls, Chairman, Paul Blackburn and Suresh Talwar. The Board has accepted all the recommendations made by the Audit Committee during the financial year.

The composition and other relevant details of other Board level committees i.e. Audit and Risk Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee are disclosed separately in the Corporate Governance Report which forms part of this annual report.

## Board Diversity

A diverse Board enables efficient functioning through differences in perspectives and skills, and also fosters differentiated thought processes on 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

As per the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015, the annual evaluation was carried out as per the criteria laid down by the Nomination and Remuneration Committee to review performance of the Board, its Committees, Chairperson and Individual Directors. 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 the financial year 2016-17 was discussed by the Nomination and Remuneration Committee and the Board at their meeting held on January 24, 2017.

## Director's 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

and Risk Committee, is of the opinion that the Company's internal financial controls were adequate and effective as on 31 March 2017.

In Compliance with section 134(5) of the Companies Act, 2013, the Board, to the best of their knowledge, hereby confirms 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 so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of 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 Annual General Meeting held on June 30, 2016, to hold office from the conclusion of 23rd Annual General Meeting till the conclusion of 28th Annual General Meeting proposed to be held in 2021, subject to annual ratification of their appointment by the shareholders.

As required under the provisions of section 139(1) of the Companies Act, 2013, the Company has received a written consent from B S R & Co. LLP, Chartered Accountants to their appointment and a eligibility certificate, to the effect that their appointment, if made, would be in accordance with the

Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013.

Accordingly, the appointment of M/s. B S R & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company, is placed for ratification of the shareholders and forms part of the Annual General Meeting Notice.

#### Internal Auditors

The tenure of M/s. Price Waterhouse Coppers & Co. (PwC) LLP, Chartered Accountants, as Internal Auditors of the Company, had come to an end in October 2016. Based on the recommendation of Audit and Risk Committee, the Board at its meeting held on October 20, 2016, has appointed M/s. Ernst & Young LLP as new Internal Auditors of the Company for a period of three years.

#### Secretarial Auditors

Pursuant to section 204 of the Companies Act, 2013 read with rules made thereunder, inter-alia requires every listed company to annex, with its Board's report, a Secretarial Audit Report given by a Company Secretary in Practice, in the Form MR-3.

The Board appointed M/s. V. Sreedharan & Associates, Practicing Company Secretaries, as Secretarial Auditors to conduct the Secretarial Audit of the Company for the Financial Year 2016-17. The report does not contain any qualification, reservation or adverse remarks. The Board at its meeting held on April 27, 2017, has appointed M/s. V. Sreedharan & Associates, Practicing Company Secretaries, as Secretarial Auditors to conduct Secretarial Audit of the Company for the Financial Year 2017-18. The Secretarial Audit Report of the Company for the financial year 2016-17 is annexed to this report as Annexure 4.

#### Board's Response on the remarks made by Secretarial Auditors and Statutory Auditors

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report and by the Company Secretary in practice in their Secretarial Audit Report.

#### Corporate Governance Report

The Company's philosophy on Corporate Governance is to consistently follow sound Corporate Governance practices based on fairness, integrity, transparency, professionalism, honesty and accountability in all its business practices and dealings. The Company's corporate governance framework

focuses on adequate & timely disclosures, transparent & robust accounting policies and a strong & Independent Board in order to maximise shareholders benefit.

The Company's report on Corporate Governance for the financial year ended March 31, 2017, as per regulation 34(3) read with Schedule V of the SEBI Listing Regulation, 2015, forms part of this annual report.

#### Auditors' Certificate on Corporate Governance

As required under Schedule V(E) of SEBI Listing Regulation, 2015, the auditors' certificate on compliance with the requirement of corporate governance is enclosed as Annexure 5 to this report. The auditors' certificate for financial year 2016-17 does not contain any qualification, reservation or adverse remarks.

#### Management Discussion and Analysis Report

As required under Regulation 34 of SEBI Listing Regulation, 2015, the Management Discussion and Analysis Report forms part of this annual report.

#### Business Responsibility Report

Regulation 34(2)(f) of the SEBI Listing Regulation, 2015, mandates inclusion of the Business Responsibility Report as part of the Annual Report for top 500 listed entities based on market capitalization. The Business Responsibility Report 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. In compliance with the regulation, the Company's first Business Responsibility 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, which comprises of Dr. Bala S Manian, Chairman, Suresh Talwar, Dr. Vijay Kuchroo and Prof. Catherine Rosenberg. The Committee monitors and oversees various CSR initiative activities of the Company.

The Company'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 programs in the area of healthcare, education, infrastructure, rural development, promotion of art and culture, gender equality and development of vulnerable sections of the society.

The CSR policy of the Company is available on the Company's website at <http://www.syngeneintl.com/investor-relations/corporate-governance>. A detailed report on CSR activities is annexed to this report as Annexure 6.

## 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 on 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 limitation 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 are 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 procedure may deteriorate.

## Risk Management Policy

The Company has put in place an enterprise wide risk management framework. This holistic approach provides the assurance that, to the best of its capabilities, the Company identifies, assesses and mitigates risks that could materially impact its performance in achieving the stated objectives. The Audit and Risk Committee, on a quarterly basis, reviews critical risks along with its mitigation plans. The Committee also ensures that the Company is taking

appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities. The Committee on regular basis, reviews the Company's portfolio of risks and considers it against the Company's Risk Appetite. The Committee also recommends changes to the risk management technique, associated frameworks, processes and practices of the Company.

## 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 safeguards the whistle blowers to report concerns or grievances and also provides a direct access to the Chairman of the Audit Committee. During the financial year, none of the personnel has 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

Your company is committed to providing a workplace that is free from discrimination, harassment and victimization, regardless of gender, race, creed, religion. The Company has a policy in place on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in compliance with the requirements of "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013".

The object of this policy is to ensure prevention of sexual harassment and provide a safe working environment. The Policy is applicable to all employees including contractual employees of the Company. The Internal Complaints Committee ("ICC") has been constituted to consider and redress all complaints of sexual harassment at workplace. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC while dealing with issues related to sexual harassment at workplace against any employee. During the financial year, two cases were reported under prevention of sexual harassment policy and both of them were satisfactorily addressed and resolved.

## Significant and Material orders by the Regulators or Courts or Tribunals

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

## Related Party Contracts or Arrangements

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

All the contracts/arrangements/transactions entered into by the Company with the related parties during the financial year 2016-17 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 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 Dealing with Related Party Transactions" and the same is available <http://www.syngeneintl.com/investor-relations/corporate-governance>.

The details of related party disclosures forms part of note 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 7.

## 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 8.

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 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 ensuing Annual General Meeting. Any shareholder interested in obtaining such information may write to the Company Secretary in this regard. The said information is also available on the website of the company at [www.syngeneintl.com](http://www.syngeneintl.com).

## 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, an extract of the annual return in Form MGT-9 is annexed to this report as Annexure 9.

## Statutory Disclosures

None of the Directors of your 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 Listing Regulations 2015.

## 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, the Customs and Excise Departments, the Reserve Bank of India, the Income Tax Department, SEZs (Special Economic Zones), LTU Bengaluru and all Other Government Agencies for their support during the year and look forward to their continued support in the future.

For and on behalf of the Board

Date: April 27, 2017  
Place: Bengaluru

**Kiran Mazumdar Shaw**  
Managing Director

## Annexure 1 - Dividend Distribution Policy

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, can 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](http://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.

##### **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 factor 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 crucial factors 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 updates**

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 2 - 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 Extraordinary General Meeting held on December 14, 2011. In October 31, 2012 the trust subscribed 6,680,000 equity shares (Face Value of ₹ 10 per share) of the Company by using the proceeds from an interest free loan of ₹ 150 million availed from the Company, adjusted for the consolidation of share 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 prevailing plan and used by the Board for granting options

through the trust to eligible employees of the Company. As at March 31, 2017, the Trust holds 4,513,525 (March 31, 2016 - 5,919,219) equity shares of face value: ₹ 10/- each, adjusted after consolidation of shares and bonus issue. During the year ended March 31, 2017, the Trust has transferred 1,405,694 (March 31, 2016-760,781) equity shares to the employees who has exercised their stock options.

### Grant of options

The Company grants stock options to eligible employees of the Company under the 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 ₹ 22.50 per share (Face Value of ₹ 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 change in the scheme and scheme is in compliance with the SEBI 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 35 to Financial Statements for the year ended March 31, 2017
B	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - 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 38 to Financial Statements for the year ended March 31, 2017

**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

Syngene Employee Stock Option Plan - 2011

(a) Date of shareholders' approval	December 14, 2011. Ratification of the ESOP plan, post listing via postal ballot on December 5, 2015.
(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	₹ 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 ESOS - 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.

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

Syngene Employee Stock Option Plan - 2011	2013#	2014#	2015	2016
Number of options outstanding at the beginning of the period	3,847,349	188,103	907,383	-
Number of options granted during the year	-	-	-	166,000
Number of options forfeited / lapsed during the year	24,366	9,262	32,156	2,900
Number of options vested during the year	1,594,980	44,712	-	-
Number of options exercised during the year	1,367,128	38,566	-	-
Number of shares arising as a result of exercise of options	1,367,128	38,566	-	-
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 (₹ in million)	20	1	-	-
Number of options outstanding at the end of the year	2,455,855	140,275	875,227	163,100
Number of options exercisable at the end of the year	662,346	6,146	-	-

#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 35 to Financial Statements for the year ended March 31, 2017
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;	None
	(b) any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year; and	1. Sunil Raj O, Senior General Manager Number of options granted during the year - 10,100 2. Lakshmi Kant Bajpei, Associate Research Director Number of options granted during the year - 10,400
	(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.	None
vii	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:	
	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;	Yes - Disclosed in Notes to Accounts – Refer note 35 to Financial Statements for the year ended March 31, 2017
	(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.	<b>Details related to ESPS</b>	Not Applicable
E.	<b>Details related to SAR</b>	Not Applicable
F.	<b>Details related to GEBS / RBS</b>	Not Applicable
G.	<b>Details related to Trust</b>	
(i)	<b>General information on schemes</b>	

Sl. No.	Particulars	
1	Name of the Trust	Syngene Employee Welfare Trust
2	Details of the Trustee(s)	Murali Krishnan KN Dola Mukherjee
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	₹ 67 Million

- 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, 2016 - 5,919,219
- (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 - 1,405,694
- (d) Number of shares held at the end of the year i.e. March 31, 2017 – 4,513,525 (a +b-c)

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

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	Not Applicable
Acquired during the year	
Sold during the year	
Transferred to the employees during the year	
Held at the end of the year	

## Annexure 3 - 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 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.

#### 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 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 Independent Directors per meeting of the Board / Committee effective April 1, 2014 is as follows –

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

#### Remuneration to KMP, 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 Updatons

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

Date: April 27, 2017  
Place: Bengaluru

**Kiran Mazumdar Shaw**  
Managing Director  
DIN: 00347229

## Annexure 4 - Secretarial Audit Report

### Form No. MR-3

[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, 2017

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, 2017 (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 (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 (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 Chairperson, 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

Date: April 24, 2017

Place: Bengaluru

## Annexure 5 - Auditors' Certificate on Corporate Governance

To

The Members of Syngene International Limited

We have examined the compliance of conditions of Corporate Governance by Syngene International Limited, for the year ended 31 March 2017, as per regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

### Management's Responsibility

The Company's Management is responsible for compliance of conditions of Corporate Governance requirements 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.

### Auditors' Responsibility

Pursuant to the requirements of the above mentioned Listing Regulations, 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.

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) issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note 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 per regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

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 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

ICAI Firm registration number: 101248W/W-100022

**S. Sethuraman**

Partner

Membership number: 203491

Date: 27 April 2017

Place: Bengaluru

## Annexure 6 - Corporate Social Responsibility Report

[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 implemented through Biocon Foundation. Biocon Foundation develops and implements healthcare, educational, and infrastructure

projects for marginalized sections of society. Visit our website: [www.syngeneintl.com](http://www.syngeneintl.com) for more details related to our CSR Policy.

### 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) Suresh N Talwar
- c) Dr. Vijay Kuchroo
- d) 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-

₹ In Million

Particulars	Amount
Average net profit before tax of the Company for last three financial years*	2058.00
Prescribed CSR expenditure (2% of the average net profit as computed above)	41.16
Details of CSR spent during the financial year :	
Total amount to be spent for the financial year	41.16
Total amount spent	41.16
Amount unspent, if any	-

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

₹ In Million

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.	Amount spent: direct/ through external agency
(i)	Expenditure on Projects & Programs						
1	ARY Primary Healthcare Clinics	Healthcare and medical facilities	Karnataka – At nine Arogya Raksha Yojana Primary Healthcare Outpatient Clinics	6.88	8.35	8.35	Biocon Foundation
2	Cancer Screening Program	Healthcare and medical facilities	Various districts in Karnataka	1.85	1.61	1.61	Biocon Foundation
3	E-Health – Rajasthan & Karnataka	Healthcare and medical facilities	Rajasthan & Karnataka	6.87	8.16	8.16	Biocon Foundation
4	Chinnara Ganitha	Improving quality of education	Various districts in Karnataka	7.06	9.57	9.57	Biocon Foundation
5	Project Once	Clean Drinking Water and Rain water harvesting	Bengaluru (Huskur)	0.70	0.41	0.41	Biocon Foundation
6	Lake Development Project	Clean drinking water	Hebbagudi, Bengaluru	8.41	1.29	1.29	Biocon Foundation

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.	Amount spent: direct/ through external agency
7	Rural development project	Rural development	Karnataka	4.92	4.58	4.58	Biocon Foundation
8	Grant to International School of Business	Improving quality of education	Hyderabad	1.75	1.75	1.75	Biocon Foundation
9	Grant to NGO	Grant to NGO	Karnataka, Telengana	2.63	2.30	2.30	Biocon Foundation
(ii)	Administrative Expenses	Office expenses	Bengaluru, Odisha	1.96	3.14	3.14	Biocon Foundation
	<b>Total</b>			<b>41.16</b>	<b>41.16</b>	<b>41.16</b>	

**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

Date: April 27, 2017  
Place: Bengaluru

**Kiran Mazumdar Shaw**  
Managing Director  
DIN: 00347229

**Dr. Bala S Manian**  
Chairperson, CSR Committee  
DIN: 01327667

## Annexure 7 - 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, 2017)

Power and Fuel Consumption Details	March 31, 2017	March 31, 2016
<b>1 Electricity</b>		
<b>a) Purchased</b>		
Million Unit	41	36
Total amount (₹ mn)	319	328
Rate/Unit (₹)	7.78	8.73
<b>b) Captive generation</b>		
HSD Quantity, KL	36	55
Million Units	0.08	0.16
Units / Litre	2.2	3.0
Cost/Lit (₹)	59	51
Generation cost, Rate/Unit (₹)	27	17
<b>2 Steam</b>		
<b>a) Furnace Oil</b>		
HSD Quantity, KL	50	72
Total amount (₹ mn)	3	4
Average rate (₹)	60	51

### Technology Absorption, Adoption and Innovation

No Technology was imported by the Company during the year.

Energy Conservation details:

Sl. No.	Energy conservation measure	Investment	Energy saved per Annum	
		(₹) Million	Unit	(₹) Million
1	Installation of variable frequency drive for cooling towers Pumps 50HP (6 nos.) results 20% energy saving			
2	Sharing the chiller loads from step control to step less control for power optimization (60KW)	0.80	215,060	1.8
3	Changing 3W LED lamps with timer instead of 60W for reactor Vessel lamps			
4	Regulation in usage of office lighting and comfort AC			

### Foreign Exchange Earnings and Outgo

₹ in Million

Foreign exchange earnings and outgo for the year:	March 31, 2017	March 31, 2016
Foreign Exchange Earnings	11,407	10,579
Foreign Exchange Outgo	3,848	1,741

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

For and on behalf of the Board

Date: April 27, 2017

Place: Bengaluru

Kiran Mazumdar Shaw

Managing Director

DIN: 00347229

**Annexure 8 - 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 2016-17:**

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for FY 2016-17 (₹ In million)*	% increase in remuneration in the Financial Year 2016-17	Ratio of the remuneration of each Director/KMP to the median remuneration of all the employees <sup>(1)</sup>
<b>Executive Directors</b>				
1.	Kiran Mazumdar Shaw	-	-	-
<b>Non-Executive Directors</b>				
2.	J M M Shaw	-	-	-
3.	Prof. Catherine Rosenberg	0.40	-	0.70
4.	Peter Bains <sup>(2)</sup>	0.40	-	0.70
<b>Key Managerial Personnel (KMP)</b>				
5.	Jonathan Hunt, CEO <sup>(3)</sup>	74.98	0.00	131.16
6.	Chinappa MB, CFO	36.06	10.89	63.07
7.	Mayank Verma, CS	2.81	24.89	4.92
<b>Independent Directors</b>				
8.	Russell Walls	3.36	-	5.88
9.	Dr. Bala S Manian	3.39	-	5.93
10.	Paul Frederick Blackburn	3.10	-	5.42
11.	Suresh N Talwar	2.65	-	4.64
12.	Dr. Vijay Kuchroo <sup>(4)</sup>	0.82	-	1.43

\* The remuneration paid to the Directors includes sitting fees and is based on the position they occupied in the various committees.  
 • The details above are on accrual basis.

**Notes:**

- <sup>(1)</sup> The ratio of remuneration to median remuneration is based on remuneration paid during the period April 1, 2016 to March 31, 2017.
- <sup>(2)</sup> Peter Bains has stepped down as Non-Executive Director from the board of the Company with effect from April 27, 2017.
- <sup>(3)</sup> Jonathan Hunt, CEO of the Company has been appointed as CEO & Whole-time Director on the board of the Company with effect from May 1, 2017. Remuneration includes stock options allocable to him.
- <sup>(4)</sup> Dr. Vijay Kuchroo has been appointed as an Independent Director on the board of the Company effective from March 1, 2017.

Median remuneration of all the employees of the Company for the Financial Year 2016-17	₹ 571,656
The percentage increase in the median remuneration of employees in the Financial Year	7.77%
The number of permanent employees on the rolls of Company as on March 31, 2017	3,492

**(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 percentage increase in salary of the Company's employees was 12%. The total managerial remuneration for the Financial Year 2016-17 was ₹ 113.85 million as against ₹ 78.77 million during the previous year. The remuneration to managerial personnel involves the mix of fixed, variable pay and stock options reflecting short and long term performance objective derived from the Company's goal.

**(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 as she is the Chairperson and Managing Director of Biocon Limited. 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.

**(4) Affirmation**

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

Date: April 27, 2017  
 Place: Bengaluru

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

## Annexure 9 - Extract of Annual Return

### MGT-9

#### 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
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Contact : Tel +91 40 23312454; 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)

## 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 beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	13,198	-	13,198	0.01	16,198	-	16,198	0.01	0.00
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	147,084,516	-	147,084,516	73.54	147,084,516	-	147,084,516	73.54	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other (Trust)	2,000,000	-	2,000,000	1.00	1,928,407	-	1,928,407	0.97	-0.03
<b>Sub Total (A-1)</b>	<b>149,097,714</b>	<b>-</b>	<b>149,097,714</b>	<b>74.55</b>	<b>149,029,121</b>	<b>-</b>	<b>149,029,121</b>	<b>74.51</b>	<b>-0.04</b>
<b>(2) Foreign</b>									
a) NRI Individual	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A-2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A-1 + A-2)</b>	<b>149,097,714</b>	<b>-</b>	<b>149,097,714</b>	<b>74.55</b>	<b>149,029,121</b>	<b>-</b>	<b>149,029,121</b>	<b>74.51</b>	<b>-0.04</b>
<b>B. Public Shareholding</b>									

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>1. Institutions</b>									
a) Mutual Funds	558,522	-	558,522	0.28	2,446,010	-	2,446,010	1.22	0.94
b) Banks / FI	7,319	-	7,319	0.00	224,846	-	224,846	0.11	0.11
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs/Foreign Portfolio Investor	12,672,150	-	12,672,150	6.34	16,645,935	-	16,645,935	8.32	1.98
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Silver Leaf Oak (Mauritius) Ltd.	19,850,000	-	19,850,000	9.93	14,390,777	-	14,390,777	7.20	-2.73
<b>Sub-total (B)(1):-</b>	<b>33,087,991</b>	<b>-</b>	<b>33,087,991</b>	<b>16.55</b>	<b>33,707,568</b>	<b>-</b>	<b>33,707,568</b>	<b>16.86</b>	<b>0.29</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	3,897,907	-	3,897,907	1.95	2,936,306	-	2,936,306	1.47	-0.48
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	5,687,578	10	5,687,588	2.84	7,656,066	110	7,656,176	3.83	0.99
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,512,192	-	1,512,192	0.76	1,419,550	-	1,419,550	0.71	-0.05
c) NBFC's registered with RBI	4,504	-	4,504	0.00	327	-	327	0.00	0.00
c) Any Others (specify)									
Non Resident Indians	310,318	-	310,318	0.16	550,616	-	550,616	0.28	0.12
Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
Clearing Members	402,567	-	402,567	0.20	96,751	-	96,751	0.05	-0.15
Trusts	30,000	-	30,000	0.02	40,060	-	40,060	0.02	0.02
Foreign National	50,000	-	50,000	0.02	50,000	-	50,000	0.02	0.02
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>11,895,076</b>	<b>-</b>	<b>11,895,076</b>	<b>5.94</b>	<b>12,749,676</b>	<b>110</b>	<b>12,749,786</b>	<b>6.37</b>	<b>0.45</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>44,983,057</b>	<b>10</b>	<b>44,983,067</b>	<b>22.49</b>	<b>46,457,244</b>	<b>110</b>	<b>46,457,354</b>	<b>23.23</b>	<b>0.74</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>D Non Promoter non Public</b>	<b>5,919,219</b>	<b>-</b>	<b>5,919,219</b>	<b>2.96</b>	<b>4,513,525</b>	<b>-</b>	<b>4,513,525</b>	<b>2.26</b>	<b>-0.70</b>
<b>Grand Total (A+B+C+D)</b>	<b>199,999,990</b>	<b>10</b>	<b>200,000,000</b>	<b>100.00</b>	<b>199,999,890</b>	<b>110</b>	<b>200,000,000</b>	<b>100.00</b>	<b>0.00</b>

## 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	-	145,217,843	72.61	-	0.00
2	Biocon Limited Employee Welfare Trust	2,000,000	1.00	-	1,928,407	0.96	-	-0.04
3	Biocon Research Limited	1,866,673	0.93	-	1,866,673	0.93	-	0.00
4	Kiran Mazumdar Shaw	7,638	0.01	-	7,638	0.01	-	0.00
5	Yamini R Mazumdar	3,000	0.00	-	4,000	0.00	-	0.00
6	Ravi R Mazumdar	60	0.00	-	1,060	0.00	-	0.00
7	Dev Mazumdar	2,500	0.00	-	3,500	0.00	-	0.00
	<b>Total</b>	<b>149,097,714</b>	<b>74.55</b>	<b>-</b>	<b>149,029,121</b>	<b>74.51</b>	<b>-</b>	<b>-0.04</b>

## 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	<b>Biocon Limited</b>				
	At the beginning of the year	145,217,843	72.61	-	-
	Transfer/ sale of shares during the year	-	-	-	-
	At the end of the year	-	-	145,217,843	72.61
2	<b>Biocon Research Limited</b>				
	At the beginning of the year	1,866,673	0.93	-	-
	Transfer/ sale of shares during the year	-	-	-	-
	At the end of the year	-	-	1,866,673	0.93
3	<b>Biocon Limited Employee Welfare Trust</b>				
	At the beginning of the year	2,000,000	1.0	-	-
	Transfer during the year (ESOP Trust)	71,593	0.04	1,928,407	0.96
	At the end of the year	-	-	1,928,407	0.96
4	<b>Kiran Mazumdar Shaw</b>				
	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	<b>Yamini R Mazumdar</b>				
	At the beginning of the year	3,000	0.00	-	-
	Bought during the year	1,000	0.00	4,000	0.00
	At the end of the year	-	-	4,000	0.00
6	<b>Ravi R Mazumdar</b>				
	At the beginning of the year	60	0.00	-	-
	Bought during the year	1,000	0.00	1,060	0.00
	At the end of the year	-	-	1,060	0.00
7	<b>Dev Mazumdar</b>				
	At the beginning of the year	2,500	0.00	-	-
	Bought during the year	1,000	0.00	3,500	0.00
	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	<b>Silver Leaf Oak (Mauritius) Limited</b>				
	At the beginning of the year	19,850,000	9.93		
	Sold during the year	5,459,223	2.73	14,390,777	7.20
	At the end of the year			14,390,777	7.20
2	<b>Syngene Employees Welfare Trust</b>				
	At the beginning of the year	5,919,219	2.96		
	Transfer during the year (ESOP Trust)	1,405,694	0.70	4,513,525	2.26
	At the end of the year			4,513,525	2.26
3	<b>Steadview Capital Mauritius Limited</b>				
	At the beginning of the year	-	-		
	Bought during the year	3,007,993	1.50	3,007,993	1.50
	At the end of the year			3,007,993	1.50
4	<b>Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd.</b>				
	At the beginning of the year	1,637,946	0.82		
	Bought during the year	143,646	0.07	1,781,592	0.89
	At the end of the year			1,781,592	0.89
5	<b>HSBC Global Investment Funds - Indian Equity</b>				
	At the beginning of the year	-	-		
	Bought during the year	1,431,800	0.72	1,431,800	0.72
	At the end of the year			1,431,800	0.72
6	<b>Vaneck Funds - Emerging Markets Fund</b>				
	At the beginning of the year	-	-	-	-
	Bought during the year	1,179,321	0.59	1,179,321	0.59
	At the end of the year			1,179,321	0.59
7	<b>LTR Focus Fund</b>				
	At the beginning of the year	-	-		
	Bought during the year	1,120,000	0.56	1,120,000	0.56
	At the end of the year			1,120,000	0.56
8	<b>Reliance Capital Trustee Co Ltd</b>				
	At the beginning of the year	-	-		
	Bought during the year	1,100,000	0.55	1,100,000	0.55
	At the end of the year			1,100,000	0.55
9	<b>JNL Oppenheimer Emerging Markets Innovator Fund</b>				
	At the beginning of the year	551,453	0.28		
	Bought during the year	159,522	0.07	710,975	0.36
	At the end of the year			710,975	0.36
10	<b>ABG Capital</b>				
	At the beginning of the year	-	-		
	Bought during the year	694,347	0.35	694,347	0.35
	At the end of the year			694,347	0.35

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	<b>Kiran Mazumdar Shaw</b>				
	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	<b>Suresh N Talwar</b>				
	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
3	<b>Russell Walls</b>				
	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
4	<b>Dr. Bala S Manian</b>				
	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	<b>Paul F Blackburn</b>				
	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	<b>Prof. Catherine Rosenberg</b>				
	At the beginning of the year	60	0.00		
	Bought/Sold during the year	1,000	0.00	1,060	0.00
	At the end of the year	-	-	1,060	0.00
7	<b>Dr. Vijay Kuchroo</b>				
	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	<b>Chinappa M B</b>				
	At the beginning of the year	-	-		
	ESOP acquisition	189,284	0.09	189,284	0.09
	Sold during the year	189,284	0.09	-	-
	At the end of the year			-	-
9	<b>Mayank Verma</b>				
	At the beginning of the year	-	-		
	ESOP acquisition	2,405	0.00	2,405	0.00
	Sold during the year	1,500	0.00	905	0.00
	At the end of the year			905	0.00

**INDEBTEDNESS**

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

(₹ In Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8,910	-	-	8,910
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>8,910</b>	<b>-</b>	<b>-</b>	<b>8,910</b>
Change in Indebtedness during the financial year				
* Addition	-	648	-	648
* Reduction	1,494	-	-	1,494
Net Change				<b>846</b>
Indebtedness at the end of the financial year				
i) Principal Amount	7,416	648	-	8,064
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>7,416</b>	<b>648</b>	<b>-</b>	<b>8,064</b>

**Remuneration of Directors and Key Managerial Personnel**

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

(₹ In Million)

Sl. No.	Particulars of Remuneration	Kiran Mazumdar Shaw (MD)	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(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	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit		
	- Others, specify...		
5	Others, (Bonus)	-	-
	<b>Total (A)</b>	<b>-</b>	<b>-</b>

**Note:** Salary of Jonathan Hunt, is not included above, since he became a Whole-time Director w.e.f May 1, 2017 and his salary details are cover under Section (c) below.

## B. Remuneration to other directors

(₹ In Million)

Sl. No.	Particulars of Remuneration	Name of Directors							Total
		Russell Walls	Suresh Talwar	Paul Blackburn	Dr. Bala S Manian	Dr. Vijay Kuchroo	Prof. Catherine Rosenberg	Peter Bains	
1	Independent Directors								
	Fee for attending board committee meetings	0.50	0.50	0.50	0.40	0.10	-	-	2.00
	Commission	2.86	2.15	2.60	2.99	0.72	-	-	11.32
	<b>Total (1)</b>	<b>3.36</b>	<b>2.65</b>	<b>3.10</b>	<b>3.39</b>	<b>0.82</b>	<b>-</b>	<b>-</b>	<b>13.32</b>
2	Other Non-Executive Directors								
	Fee for attending board committee meetings	NA	NA	NA	NA	NA	0.40	0.40	0.80
	Commission	NA	NA	NA	NA	NA	-	-	-
	<b>Total (2)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>0.40</b>	<b>0.40</b>	<b>0.80</b>
	<b>Total B (1 + 2)</b>	<b>3.36</b>	<b>2.65</b>	<b>3.10</b>	<b>3.39</b>	<b>0.82</b>	<b>0.40</b>	<b>0.40</b>	<b>14.12</b>
	<b>Total Remuneration (A+B)</b>								<b>14.12</b>
	Overall Ceiling as per the Act (A+B)	₹ 207.9 million							

Note: The details above are on accrual basis.

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

(₹ In Million)

Sl. No.	Particulars	CEO	CFO	Company Secretary	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27.81	31.30	2.61	61.72
	(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	47.17	4.73	0.20	52.10
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	Others, specify...				
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>74.98</b>	<b>36.06</b>	<b>2.81</b>	<b>113.85</b>

Note: Jonathan Hunt has been appointed as Chief Executive Officer of the Company with effect from April 1, 2016.

## Penalties / Punishment/ Compounding of Offences:

During the financial year 2015-16, Company along with Officers in default had filed suo-moto two compounding applications with the Company Law Board, Chennai Bench, regarding the following matters.

- Application for inadvertent omission to enclose complete list of allottees as required under Section 75 of the Companies Act, 1956.
- Application for inadvertent omission of complete details in the General meeting Notice, as required under Rule 6 of Unlisted Public Companies (Preferential Allotment) Rules, 2003 and Section 81(1A) of the Companies Act, 1956.

During the financial year, National Company Law Tribunal (NCLT) has levied a compounding fees of ₹ 216,000 and ₹ 233,600 on Company and officers in default for inadvertently omission of details as required under section 75 and section 81(1A) of the Companies Act, 1956 respectively and the same was paid by the Company and officers in default.

For and on behalf of the Board

Date: April 27, 2017  
Place: Bengaluru

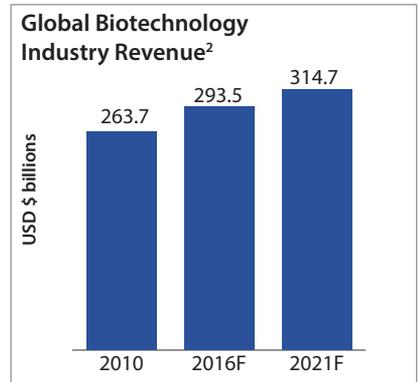
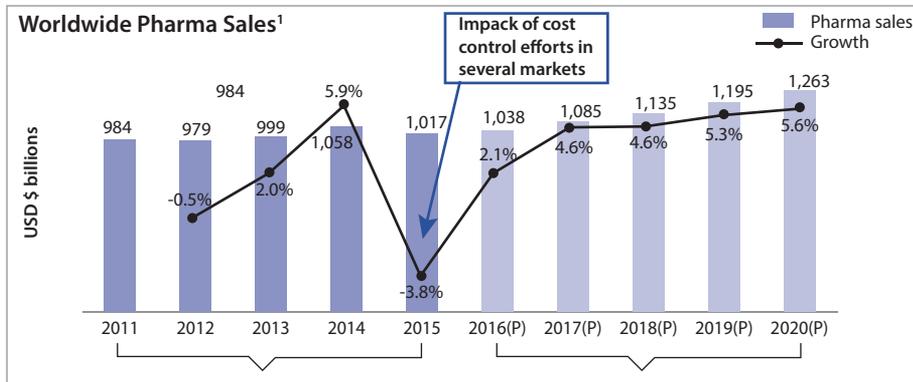
**Kiran Mazumdar Shaw**  
Managing Director  
DIN: 00347229

# Management Discussion & Analysis

## Global Life Science Industry

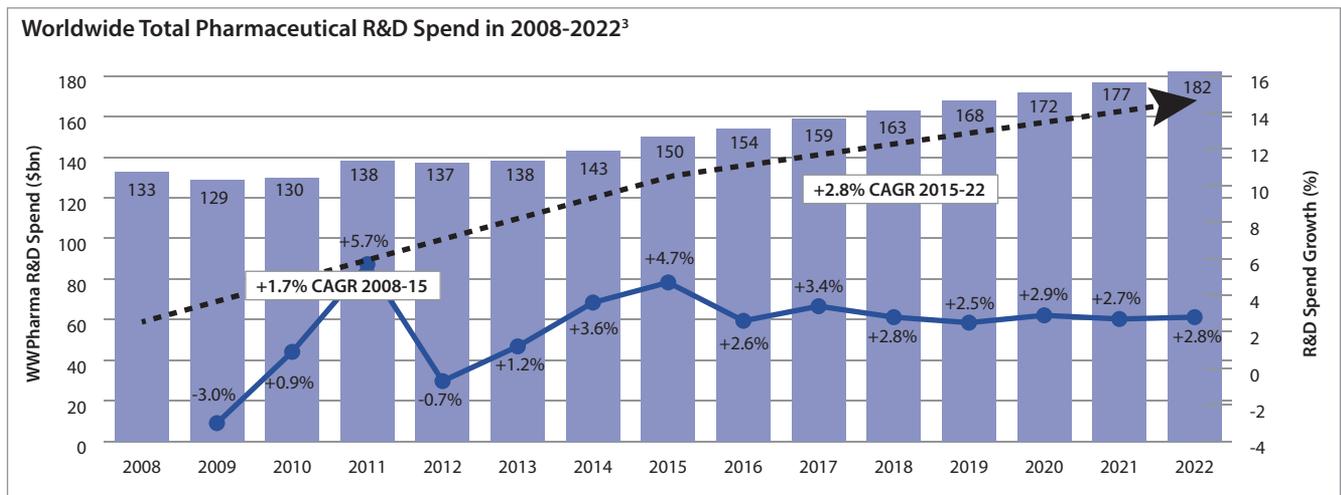
The life sciences industry, comprising primarily of pharmaceutical and biotechnology companies, is a critical part of the global healthcare ecosystem. Its growth has a direct correlation with a country's general economic strength and healthcare spending levels. According to the QuintilesIMS Annual Report 2016, the industry is expected to grow around 4-7% between 2017 to 2021. Various factors are driving this growth including an aging population, rise of chronic diseases, growing demand for advanced medicines and further advances in our understanding of disease.

The worldwide pharmaceuticals sales in 2015 was estimated to be USD 1.0 trillion and is expected to grow at an average of 4.4% annually to a projected USD 1.2 trillion in 2020<sup>1</sup>. The global biotechnology sector grew at a CAGR of 3.7%, from USD 263.7 billion in 2010 to a projected USD 293.5 billion in 2016, and is estimated to rise to USD 314.7 billion by 2021<sup>2</sup>. Many pharmaceuticals and biotechnology companies are currently running a dual-track drug discovery program: both small molecules and biologics and gradually increasing their R&D budget on biologics which can further boost the biotech sector.



## Life Science R&D Landscape

The life sciences industry has traditionally been a front runner in investing in research and development. The total worldwide R&D investment of pharmaceutical and biotechnology companies increased from USD 108 Bn in 2006 to USD 149.8 Bn in 2015 and is forecasted to grow at 2.8% CAGR annually to reach USD 182 Bn by 2022<sup>3</sup>.



<sup>1</sup> World Industry Outlook, Healthcare and Pharmaceuticals, Economist Intelligence Unit, June 2016

<sup>2</sup> IBISWorld Industry Report, Global Biotechnology, October 2016

<sup>3</sup> Evaluate Pharma: World Preview 2016, Outlook to 2022,

This increase in R&D spend is driven by various factors including increasing efforts by the life sciences industry to replenish their product pipeline to offset the impact of patent expiries and increased access to capital by startup and mid-size pharmaceuticals and biotechnology companies. The expanding pipeline of new drugs with increasing focus on orphan drugs and precision-based medicines is also driving increased R&D activities across the life sciences sector. According to the Capstone Pharmaceuticals Outsourcing Q1 2017 report, an estimated 13,718 drugs were in development in 2016, an increase of 11.5% over 2015.

## R&D Challenges

Despite increasing levels of R&D investment, triggered by the ongoing acceleration in scientific understanding, the industry continues to be challenged by decreasing R&D efficiency and pressure to maintain or improve levels of return on capital invested. Annual projected pharma R&D returns have continued to decline, from 10.1% in 2010 to 4.2% in 2015 to 3.7% in 2016<sup>4</sup>.

Factors such as the requirement for ever larger clinical trial sizes, declining success rates for new drug projects, particularly with high attrition rates in late stage development projects, increasing total R&D development timelines, rising raw material costs, increasingly stringent regulatory requirements and the growing need for specialized skills and infrastructure to handle new and advanced technologies are leading to higher R&D costs and falling R&D efficiencies.

All these factors are driving the life sciences industry to revisit both their R&D strategies and also how they look to deliver those strategies and this has prompted many to explore alternate models including the expanded use of CRO's to deliver their scientific programs. This shift from a near total dependence on internal research to a more balanced hybrid outsourcing model has been central to the development and growth of the contract research industry.

## CRO Industry

Outsourcing R&D activities to CROs has become one of the most effective routes to improving R&D efficiencies within the life sciences industry.

Outsourcing can reduce financial risk by limiting capital investments in setting up laboratories and other infrastructure, converting fixed costs, such as employee cost, into variable costs and controlling overhead expenditures by

avoiding the need to consistently make capital investments in upgrading access to the latest research tools. It also enables client organizations to better access specialized talent, to access scale and specialized capabilities and to do this in a way that can increase speed, flexibility and lower cost while still delivering innovation.

With the growing use of genomics and proteomics in target identification and validation, there is an increasing need for specialized skills and resources which will further drive outsourcing to specialized CROs with advanced capabilities.

Today, outsourcing and collaborations with service providers are a standard in the life sciences sector with outsourcing service providers providing services across the whole discovery-development value chain. CROs have evolved from being a provider of noncore services to being an integral part of the drug discovery and development process. With the widening scope of outsourcing, there is a growing preference among the life sciences sector for integrated drug discovery services and for partners with a "one stop shop" capability.

The global pharmaceutical outsourcing market was estimated to be \$107.3 billion in 2015 out of which 49% is accounted for CROs<sup>5</sup>. Asia-Pacific is found to be the fastest growing region in the drug discovery outsourcing market, expected to grow from USD 4.9 billion in 2015 to USD 10.5 billion in 2022 registering a CAGR of 11.5%. This growth will be largely driven by the efficient CRO hubs especially in India and China and low cost of CRO's in these regions compared to their European and American partners.

## Syngene's Performance Review

Syngene, with its differentiated business model, strong clientele, wide spectrum of service offerings, world class talent pool and infrastructure and a track record of integrity and compliance, is well placed to play a bigger role in the global outsourcing industry.

## Operational Performance

Syngene's business operations are broadly categorized into three business areas - Dedicated R&D Centers, Discovery Services and Development & Manufacturing Services.

### Dedicated R&D Centers:

FY17 was a good year for our Dedicated R&D Centers and saw the commissioning of two new dedicated centers – the Syngene Amgen R&D Center (SARC) and the Herbalife

<sup>4</sup> Balancing the R&D Equation: Measuring the return from pharmaceutical innovation 2016, Deloitte UK Centre for Health Solutions, 2016

<sup>5</sup> IQ4I Research & Consultancy Pvt. Ltd.; Drug Discovery Outsourcing (DDO) - Global Market- Forecast to 2022.

Nutrition R&D Center. The year also saw the extension of our ongoing agreement with Abbott Nutrition by another year. The attractive proposition of the dedicated R&D center model is its ability to offer our clients the opportunity to variabilize their fixed cost and remain asset light. The increasing number of dedicated R&D centers is also a reflection of our clients growing confidence in this value proposition and our ability to operate complex integrated R&D projects. We will continue to pursue opportunities to establish more such dedicated centers to meet our client's long-term R&D requirements.

## Discovery Services:

Syngene's Discovery Services includes Discovery Chemistry and Discovery Biology services and accounts for about a quarter of our revenues. Typically, the discovery process starts with identification of a target, moves onto its validation through various In-Vitro and In-Vivo studies to finally generate a lead compound.

During FY17, we expanded our service offerings in specialty chemistry and other chemistry-enabling capabilities supporting the life sciences sectors. The fire incident during the year, has impacted the overall growth of the Discovery Chemistry business and we lost one client, representing about 3% of our total revenue. We also invested in expanding and strengthening our Discovery Biology service offering. This includes investments in Next Generation Sequencing (NGS) technology platform for genomics, transcriptomics, microbiomics and new antibody discovery platforms using NGS. There is an increasing demand for discovery biology services and we see strong growth potential in this area.

## Development and Manufacturing Services:

During FY17, the vertical registered good growth on the back of a strong performance in the chemical development segment. This reflects the number of client projects that are successfully moving into later phases of development and consequently it opens up new opportunities for us to expand the scope of work we do with them as we support their journey through development and towards commercialization.

## Key Operational Highlights

- Commissioned first phase of Syngene Research Centre, occupying 50,000 sq ft. area, to support multiple integrated drug discovery and development programs.
- Commissioned a state-of-the art GMP (Good Manufacturing Practices) and GLP (Good Laboratory Practices) compliant Viral Testing facility that is

well-equipped with segregated cell culture, viral testing, molecular and analytical laboratories to support the viral testing requirements of the pharma and biotech clients.

- Commissioned an integrated, multi-disciplinary drug discovery and development center for Amgen with capacity to staff more than 100 highly qualified scientists. This center, named Syngene Amgen Research and Development Center (SARC), is Syngene's fourth dedicated R&D center.
- Acquired systems biology and pharmaceutical services practice from Strand Life Sciences Pvt. Ltd. along with a strong team of data scientists. The deal gave access to sophisticated NGS analytics platform, advanced Heptox Virtual Liver platform and Sarchitect (Cheminformatics) platform.
- Extension of Abbott Nutrition's ongoing collaboration for one year till 31st December, 2017. Syngene and Abbott had entered into a collaboration in 2012 to set up a dedicated center for developing science-based affordable nutrition products.
- Signed a strategic partnership with Herbalife Nutrition to set up their first dedicated nutrition research and development lab in India. The facility also houses a separate GMP formulation lab to support product testing, sampling and end-product development.
- Commissioned Phase I of new Formulation facility. The facility, spread across 17,000 sq ft. space, is capable of manufacturing clinical supplies as well as commercial supplies of small volume niche technology products and complies with regulatory requirements of the USFDA, EMA and other authorities.
- Successfully cleared the USFDA and EMA inspections of our Clinical Development facility.

## Fire Incident and its Financial Impact

On December 12, 2017, there was a fire accident at one of our research facilities in Bangalore. This facility, including office and laboratory space, makes up approximately 20% of our total revenues and 12% of our net block. The fire was caused due to a chemical reaction that was being conducted at the facility. There was no injury or loss of life and most of the client projects were redeployed to other facilities to minimize the impact on revenues. The impact of the fire incident on our total revenues is 2% for FY2017. During FY17, the company has written off the net book value of assets aggregating to Rs. 80 Cr, and recognized a minimum insurance claim receivable for an equivalent amount through

the All Industrial Risk Insurance policy. The company has received an initial disbursement of ₹ 20 Cr from the insurance company.

## Strategic Initiatives

**Bioinformatics:** According to a Biospectrum Report, the global informatics market is expected to grow from around USD 10 Bn in 2013 to around USD 30 Bn by 2020 at a 15% CAGR. In line with the market opportunity, during September 2016, Syngene made inroads into the bioinformatics and data analytics capabilities with the acquisition of Strand Life Sciences assets related to systems biology and pharmaceuticals services practice. Besides providing bioinformatics as a standalone service, the deal will also allow us to offer this as part of our integrated drug discovery projects which will be a great value addition for our clients. The acquisition has potential to expand our service offerings into areas such as NGS, translational R&D, predictive toxicology and pre-emptive target validation services.

**Viral Testing:** Opened a state-of-the-art Viral Testing Facility in 2016 to provide niche services to support the viral testing requirements of the pharmaceutical and biotechnology sectors. Viral testing is an integral part of dossier submissions (safety assurance) to regulatory authorities. This comprises the conduct of clinical trials and marketing authorizations. The testing is mandatory for all biopharmaceutical products (novel and bio-similar produced on mammalian expression systems).

**Commercial Manufacturing:** Syngene is also foraying into the large scale commercial manufacturing of intermediates and Active Pharmaceutical Ingredients (APIs) for innovator companies. The company is investing USD 100 Mn in its upcoming commercial scale manufacturing facility, which is taking shape across 40 acres in the Mangalore SEZ. When operational, the plant will manufacture APIs and Intermediates for innovator companies. The facility will meet both national and international regulations and shall be built as per the cGMP and other appropriate regulatory guidelines applicable to the respective product lines.

**Biologics:** Syngene sees biologics as one of its strategic growth drivers. In order to strengthen its biologics manufacturing capabilities, the company is setting up a new biologics manufacturing facility in Bangalore. The facility will have three single use bioreactors each having a capacity of 2000L. It will also have two upstream suites that will enable parallel operations and one downstream train with post-viral segregation. The facility is expected to be commissioned by mid-FY18.

## Human Resource

At Syngene, we strongly believe that it is the quality of our scientific talent pool that gives us the real competitive edge in the CRO market place. During FY17, our total employee strength was 3492 of which 3053 were scientists across multiple disciplines. Our HR initiatives focuses on creating an engaging work force and providing them with the right environment that enables and motivates them to develop innovative solutions to meet our clients' requirements.

With a view to building a learning organization and supporting our employees in developing their technical, managerial as well as leadership skills, various training programs were conducted during the year. We also restructured the operations of the HR team to support the organizational transition from a function-led to a BU-driven structure.

The company also initiated various steps towards ensuring gender diversity of our work force and creating a work environment that helps our female employees strike balance between their personal commitments and professional aspirations.

## Financial Performance

During FY17, revenues grew by 14% to ₹ 12,716 Mn compared to last year's revenues of ₹ 11,133 Mn. The growth was driven by strong business momentum of all three verticals, complemented by key achievements and higher interest income. Our Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) grew by 24% to ₹ 4,783 Mn compared to ₹ 3,867 Mn in FY16. EBITDA margin improved to 38% from 35% in FY16, despite the 24% increase in employee benefit expense. Our net profit grew by 19% to register ₹ 2,873 Mn compared to ₹ 2,408 Mn in FY16.

Excluding the interest income, the revenue growth from operations during FY17 was 8% to ₹ 12,009 Mn compared to Rs. 11,070 Mn in FY16. The interest income is mainly from unutilized External Commercial Borrowings (ECB) drawn in March 2016 and cash reserves to support our long-term investment plans. The total ECB drawn was USD 100 Mn, of which we have invested ₹ 3,904 Mn (~USD 60 Mn) as on March 31, 2017. The balance has been invested in bank deposits until further deployment. Associated with the interest income is finance charges of ₹ 175 Mn and income tax of ₹ 158 Mn. Excluding the interest income, our EBITDA was ₹ 4,076 Mn compared to ₹ 3,804 Mn in FY16, with underlying EBITDA margin of 34% in each year. Our underlying Profit After Tax margins is 21% in line with FY16.

## Balance Sheet

The following table details out the balance sheet as on March 31, 2017(FY17) and March 31, 2016(FY16)

All figures in ₹ Million

Particulars	FY17	FY16	Change
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	7,944	5,743	38%
Capital work-in-progress	1,749	2,368	-26%
Intangible assets	160	59	171%
Financial assets			
Derivative assets	1,056	598	77%
Other financial assets	33	59	-44%
Deferred tax assets (net)	637	717	-11%
Income tax assets (net)	443	335	32%
Other non-current assets	485	329	47%
<b>Total</b>	<b>12,507</b>	<b>10,208</b>	<b>23%</b>
<b>Current Assets</b>			
Inventories	322	377	-15%
Financial Assets			
Investments	5,404	2,766	95%
Trade receivables	1,987	1,852	7%
Cash and cash equivalents	2,345	3,873	-39%
Bank Balances other than above	2,928	3,326	-12%
Derivative assets	931	489	90
Other financial assets	243	345	-30%
Other current assets	1,071	319	236%
<b>Total</b>	<b>15,231</b>	<b>13,347</b>	<b>14%</b>
<b>Total Assets</b>	<b>27,738</b>	<b>23,555</b>	<b>18%</b>
<b>EQUITY</b>			
Equity share capital	2,000	2,000	-
Other equity	12,131	8,247	47%
<b>Total</b>	<b>14,131</b>	<b>10,247</b>	<b>38%</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	6,898	7,252	-5%
Provisions	199	181	10%
Other non-current liabilities	517	535	-3%
<b>Total</b>	<b>7,614</b>	<b>7,968</b>	<b>-4%</b>
<b>Current Liabilities</b>			
Financial liabilities			
Borrowings	972	1,658	-41%
Trade payables	1,025	744	38%
Other financial liabilities	1033	184	461%
Provisions	134	75	79%
Income tax liabilities (net)	78	99	-21%
Other current liabilities	2,751	2,580	7%
<b>Total</b>	<b>5,993</b>	<b>5,340</b>	<b>12%</b>
<b>Total equity and liabilities</b>	<b>27,738</b>	<b>23,555</b>	<b>18%</b>

## Non-Current Assets

Non-current assets grew by 23% primarily due to:

- Investments in tangible assets for Syngene Research Center, Formulation Center, Biologics Manufacturing Plant and expansion of facilities across the discovery, development and manufacturing verticals.
- Increase in fair value of premiums paid on forex contracts maturing beyond 12 months and interest rate swap contracts.

## Working Capital (Current assets less current liabilities)

Working capital increased from ₹ 8,007 Mn in FY16 to ₹ 9,238 Mn at the end of FY17 mainly on account of surplus cash reserves invested in mutual funds and insurance claim receivable from the Insurance company for loss incurred due to the fire incident.

## Shareholders' Funds

We have an equity share capital comprising of 200,000,000 equity shares of ₹ 10 /- each.

## Reserves and Surplus

The total reserves and surplus of the company increased by 47% in FY17 as compared to FY16, due to the accumulation of profits made during the year and increase of balances in Other Comprehensive Income arising out of mark to market gains on designated forex and interest rate swap contracts.

## Non-Current Liabilities

Non-current liabilities mainly includes:

- Long-term borrowings in the form of ECB of USD 100 Mn and buyer's credit facility of USD 6 Mn for capital expenditure at Bangalore and Mangalore facilities of the Company.
- Deferred revenues relating to assets funded by third parties that are to be amortized over the useful life of the assets/period of contract to Other Operating Income.

## Statement of Profit and Loss

The following table details out key components of statement of profit and loss for the fiscals ended March 31, 2017 (FY17) and March 31, 2016 (FY16).

Particulars	FY 17	FY 16	Change
Total Revenue	12,716	11,133	14%
<b>Expenses</b>			
Cost of chemicals, reagents and consumables consumed	3,218	3,104	4%
Employee benefits expense	3,086	2,493	24%
Other expenses	1,629	1,669	-2%
Depreciation and amortisation expense	1,143	973	17%
Finance costs	175	84	108%
<b>Total Expenses</b>	<b>9,251</b>	<b>8,323</b>	<b>11%</b>
<b>Profit before tax</b>	<b>3,465</b>	<b>2,810</b>	<b>23%</b>
Tax expenses	592	402	47%
<b>Profit for the year</b>	<b>2,873</b>	<b>2,408</b>	<b>19%</b>

## Operating Revenue

During the fiscal year 2017, revenues grew by 14% to ₹ 12,716 Mn compared to last year's revenues of ₹ 11,133 Mn. The growth was driven by strong business momentum in all the three verticals complemented by the key achievements of the year and higher interest income.

## Cost of Materials Consumed

The material costs consist of consumption of raw materials and change in stock. In FY17, material costs as a percentage of our overall revenue from operations have decreased by 257 bps, reflecting a change in the composition of our revenues among the key verticals and higher interest income.

## Employee Benefit Expenses

The Employee Benefit Expenses comprise of the following items:

- Salaries, wages and bonus
- Contributions to Provident Fund and other funds
- Contributions towards Gratuity provisions
- Amortization of share based payments
- Welfare expenses (including employee insurance schemes)

The above expenses have increased by 24% in FY17, driven largely by increase in employee headcount and annual increments of employees.

## Other Expenses

This primarily includes power and fuel, professional fees, foreign exchange difference, selling expenses like freight

outwards, provision for doubtful debts and other general overheads. Overall cost has declined by 2% in FY 17 as compared to FY 16. The expenses have decreased mainly on forex during the year.

## Depreciation and Amortization

During this fiscal, the depreciation and amortization increased to ₹ 1,143 Mn from ₹ 973 Mn in FY 17. This increase is on account of commissioning of new facilities during the year.

## Finance Costs

The Finance Cost has increased to ₹ 175 Mn in FY17 from ₹ 84 Mn in FY16, largely due to the ECB of USD 100 Mn availed at end of previous year.

## Tax Expenses

Tax expenses for the fiscal stood at ₹ 592 Mn in comparison to ₹ 402 Mn in FY17. The effective tax rate has marginally increased by 278 bps on account of tax cost on interest income earned during the year on un-deployed ECB proceeds and cash reserves.

## Earnings Per Share

EPS (Diluted) for the year was at ₹ 14.55 as against ₹ 12.19 in the previous year.

**Note:** The Company has adopted all of the Indian Accounting Standards ('Ind-AS') on April 1, 2016 with the transition date as April 1, 2015, and the adoption was carried out in accordance with Ind-AS 101-First time adoption of Ind AS. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Companies Act, 2013 read with relevant rules thereunder.

## Risk & Concerns

Risk is a potential event or non-event, the occurrence or nonoccurrence of which can adversely affect the objectives of the company.

Our operations are susceptible to risks arising out of our business strategy, decisions on innovation or services basket. If there is any significant unfavorable shift in industry trend or pattern of demand, our returns on investments in setting up infrastructure, attracting the right talent pool and developing new services might get affected.

Our contracts are generally terminable on little or no notice. Any delay in the renewal or the termination of a large

contract for services or multiple contracts for services could adversely affect our revenue and profitability. In order to de-risk ourselves from these risks, we adhere to best practices in Risk Management.

We are also dependent on the continued outsourcing of R&D by pharmaceutical, biotechnology, agro-chemistry, consumer health, animal health and cosmetic industry companies. Demand for our services may be affected by perceptions of our clients regarding the CRO industry as a whole. For example, other CROs could engage in conduct that could render our clients less willing to do business with us or any CRO. One or more CROs could engage in or fail to detect malfeasance, such as inadequately monitoring sites, producing inaccurate databases or analysis, falsifying patient records, and performing incomplete laboratory work, or take other actions that would reduce the confidence of our clients in the CRO industry. We also depend on a limited number of clients, and the loss of or significant decrease in business from them could affect our business and have a material adverse impact on our profitability.

We continue to work toward managing this dependency by focusing on diversification of our clientele base and optimization of our business portfolio and strengthen business advantage.

In addition to the above, other key risks relating to our current operations include human capital risk such as loss of key personnel, timely replenishment of critical vacant roles, reliance on third party sole suppliers or service providers, disruption of operations from natural disasters, risk arising out of strategic projects, foreign exchange fluctuations and changing landscape of statutory regime. The risk management framework adopted by the company ensures continuous focus on identifying, assessment, evaluation and adequate mitigation of various risks affecting the company. The Audit & Risk Committee reviews the Company's critical risks, overall risk exposure and status of various risk mitigation plans on a periodic basis.

## Internal Controls

A robust, comprehensive internal control system is a prerequisite for an organization to ensure the company operates to high standards of integrity, in full compliance

with legal and regulatory requirements and meeting generally accepted principles of good corporate governance.

The Management is responsible for establishing and maintaining adequate and effective internal controls and for the preparation and presentation of the accurate financial statements. We have established strong internal control systems, comprising of policies and procedures adopted by the Company to ensure the orderly and efficient conduct of its business, including 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.

We have experienced and qualified employees who play an important role in designing, implementing, maintaining and monitoring the internal control environment. An independent body of Chartered Accountants perform periodic internal audits to provide reasonable assurance over internal control effectiveness and to advice on industry wide best practices. The Audit Committee of the Board, consisting of Independent Directors, review important issues raised by the Internal and Statutory auditors thereby ensuring that the risk is mitigated appropriately with appropriate rectification measures on a periodic basis.

## Cautionary Statement

The financial statements that appear in this report conform to accounting principles generally accepted in India and, therefore, include amounts based on informed judgments and estimates. The management accepts responsibility for the preparation of other financial information that is included in this report. This write-up includes forward-looking statements which are based on the Company's current expectations and projections about future events. Such forward looking statements may be impacted by known and unknown risks and as such actual results may differ materially from expectations. These factors include, but are not limited to, changes in local and global economic conditions, the Company's ability to successfully implement its strategy, the market's acceptance of and demand for its products, growth and expansion, technological change and exposure to market risks. By their nature, these expectations and projections are only estimates and could be materially different from actual results in the future.

# Corporate Governance Report

The detailed report on Corporate Governance for the financial year ended March 31, 2017, as per regulation 34(3) read with Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015) is set out below:

## Company's Philosophy on Code of Governance

Syngene is committed to consistently following sound Corporate Governance practices based on fairness, integrity, transparency, professionalism, honesty and accountability in all its business practices and dealings. The Company's corporate governance framework focuses on adequate & timely disclosures, transparent & robust accounting policies and a strong & Independent Board in order to maximise shareholders benefit.

Syngene is committed to continually evolving and adopting best Corporate Governance practices.

## Board of Directors

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

## Composition and Category of Directors

The Company has an appropriate mix of Executive Directors (ED), Non-Executive Directors (NED) and Independent

Directors (ID) to maintain the Board's independence and separate its functioning of governance and management. Currently, the Board comprises nine members, including two women directors. The detailed profile of our directors is available on our website [www.syngeneintl.com](http://www.syngeneintl.com).

The Company has issued a formal appointment letter to the IDs, as required by Regulation 46 of the SEBI Listing Regulations 2015, the terms and conditions of appointment of IDs is available on the Company's website [www.syngeneintl.com](http://www.syngeneintl.com).

Composition of the Board as on March 31, 2017 is as follows:

Category	Number of Directors	Percentage
Executive Directors	1	11
Non-Executive Directors	3	33
Independent Directors	5	56
<b>Total</b>	<b>9</b>	<b>100</b>

## Meetings of the Board

During the financial year ended March 31, 2017, five meetings of the Board were held i.e. on April 26, 2016, June 30, 2016, July 21, 2016, October 20, 2016 and January 24, 2017. The gap between two Board meetings did not exceed one hundred and twenty 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, 2017 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 June 30, 2016
Kiran Mazumdar Shaw	Executive Director	5	5	Yes
John Shaw	Non - Executive Director	5	5	Yes
Peter Bains	Non - Executive Director	5	4	No
Prof. Catherine Rosenberg	Non - Executive Director	5	4	No
Russell Walls	Independent Director	5	5	Yes
Suresh Talwar	Independent Director	5	5	Yes
Paul Blackburn	Independent Director	5	5	No
Dr. Bala S Manian	Independent Director	5	4	No
Daniel Bradbury*	Independent Director	1	1	-
Dr. Vijay Kuchroo**	Independent Director	-	-	-

\*Ceased to be a Director on the Board of the company w.e.f May 15, 2016.

\*\* Inducted on Board of the company w.e.f. March 1, 2017.

# Includes meetings attended through audio visual mode.

Composition of the Board and details of Directorship & Committee membership/Chairmanship held in other Companies as on March 31, 2017 are as follows.

Name of the Director	DIN	Designation	Directorship# Indian Public Companies	Board Committees	
				Chairmanship	Membership
<b>Executive Director</b>					
Kiran Mazumdar Shaw	00347229	Managing Director	8	-	-
<b>Non-Executive Directors</b>					
John Shaw	00347250	Director	4	-	-
Peter Bains	00430937	Director	2	-	-
Prof. Catherine Rosenberg	06422834	Director	1	-	-
<b>Independent Directors</b>					
Russell Walls	03528496	Director	5	4	2
Suresh Talwar	00001456	Director	6	2	4
Paul Blackburn	06958360	Director	1	-	2
Dr. Bala S Manian	01327667	Director	1	-	-
Dr. Vijay Kuchroo*	07071727	Director	3	-	1

\* Inducted on Board of the company w.e.f. March 1, 2017.

# Directorship in companies includes Syngene International Limited.

*As per regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) 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.*

## Independent Directors Meeting

During the financial year, the Independent Directors of the company met on January 23, 2017 without the presence of Executive Directors, Non-Independent Directors and members of the Management team. At the meeting, the Independent Directors inter-alia evaluated the performance of Chairperson of the Company, Non-Independent Directors and the Board as a whole. The members also reviewed the quality, quantity and timeliness of flow of information between the company's management and the Board which is necessary for the Board to effectively and reasonably perform their duties.

## Disclosure of relationships between directors inter-se

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

## Shareholding of Non-Executive Directors

As on March 31, 2017, the following Non-Executive Directors of the Company, i.e. Russell Walls, Suresh Talwar, Paul Blackburn, Dr. Vijay Kuchroo and Dr. Bala S Manian, held 25,000 equity shares each respectively and Prof. Catherine Rosenberg, jointly with Ravi Mazumdar, holds 1,060 equity shares of the Company. None of the other Non-Executive Directors hold any equity shares or non-convertible instruments in the Company.

## Details of Familiarisation Programs imparted to Independent Directors

Pursuant to regulation 25(7) of the SEBI Listing Regulations, 2015, the Company should familiarise the Independent Directors about its business and operations through various programs. During the financial year, senior management team has from time to time, made presentations to Directors giving an overview of the Company's operations, strategy and risk management plan. Further, the Board members were also educated under the "Directors' Education Program" on the functioning of various business units/verticals of the Company. The details of the familiarisation programs conducted during the financial year are available on website of the Company at: <http://www.syngeneintl.com/investor-relations/corporate-governance>

## Board Committees

The Syngene 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.

The various board level committees are as under:-

- Audit & Risk Committee;
- Stakeholders Relationship Committee;
- Corporate Social Responsibility Committee;
- Nomination & Remuneration Committee.

## Audit & Risk Committee

### Terms of Reference:

The Board on October 19, 2011 constituted the Audit & Risk Committee to provide direction to the audit function and monitor the quality of internal and statutory audits with an objective of moving towards a regime of unqualified financial statements. The Committee functions as per the provisions of Companies Act and SEBI Listing Regulations, 2015. The roles and responsibilities of the Committee include the following:

- Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of 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;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors and adequacy of internal control systems;

- Review the adequacy and effectiveness of internal audit function, reporting structure coverage and frequency of internal audits;
- Review and approve related party transactions, including any modification;
- Scrutiny of inter corporate loans and investments;
- Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- Review the functioning of Whistle Blower/Vigil Mechanism;
- 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;
- Appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
- Statement of deviations, if any.

The Company has put in place an enterprise wide risk management framework. This holistic approach provides the assurance that, to the best of its capabilities, the Company identifies, assesses and mitigates risks that could materially impact its performance in achieving the stated objectives. The Audit and Risk Committee, on a quarterly basis, reviews critical risks along with its mitigation plans. The Committee also ensures that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities. The Committee on regular basis, reviews the Company's portfolio of risks and considers it against the Company's Risk Appetite. The Committee also recommends changes to the risk management technique, associated frameworks,

processes and practices of the Company.

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

During the financial year ended March 31, 2017, five meetings of the Committee were held i.e. on April 25, 2016, June 30, 2016, July 20, 2016, October 19, 2016 and January 23, 2017.

The senior management team, Internal Auditors and Statutory Auditors attended all the meetings of the Audit & Risk Committee. The Company Secretary acts as Secretary to the Committee. The internal auditor reports functionally to the Audit Committee.

Russell Walls, Chairman of the Audit Committee, was present at the AGM of the Company held on June 30, 2016.

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

Name of the Member	Category	Designation	Number of Meeting Held	Number of Meeting Attended#
Russell Walls	Independent Director	Chairman	5	5
Paul Blackburn	Independent Director	Member	5	5
Suresh Talwar	Independent Director	Member	5	5

# Includes meetings attended through audio visual mode.

## Stakeholders Relationship Committee

### Terms of Reference:

The Board on July 23, 2014 constituted Stakeholders Relationship Committee in accordance with the section 178 (5) of the Companies Act, 2013 and SEBI Listing Regulations, 2015. The main role of the Committee is to look into the redressal of grievances of investors, or other security holders relating to transfer of shares; non-receipt of balance sheet; non-receipt of declared dividends; non-receipt of annual reports; non-receipt of interest etc. In addition to this, the

Committee also looks into investor relations, share transfer and monitors servicing of investor requirements.

During the financial year ended March 31, 2017, four meetings of the Committee were held i.e. on April 25, 2016, July 20, 2016, October 19, 2016 and January 23, 2017.

Suresh Talwar, Chairman of the Stakeholders Relationship Committee was present at the AGM of the Company held on June 30, 2016.

**The composition of the Committee and the attendance**

details of the members are given below:

Name of the Member	Category	Designation	Number of Meeting Held	Number of Meeting Attended#
Suresh Talwar	Independent Director	Chairman	4	4
Russell Walls	Independent Director	Member	4	4
Paul Blackburn	Independent Director	Member	4	4

# Includes meetings attended through audio visual mode.

## Details of Shareholders Complaints

The details of shareholders complaints received and resolved during the financial year ended March 31, 2017 are as under:

Opening Balance	Received during the year	Resolved during the year	Balance outstanding as on March 31, 2017
Nil	40	40	Nil

### Compliance Officer

Mayank Verma, Company Secretary, is the Compliance Officer of the Company as per regulation 6 of the SEBI Listing Regulations, 2015 to discharge all duties under the

said regulations.

### Role of Company Secretary

The Company Secretary plays a key role in ensuring that effective Board procedures are followed and reviewed

periodically. The Company Secretary is primarily responsible to ensure compliance with all the provisions of the Companies Act and provisions of all other applicable laws to the Company. The Company Secretary 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 practises.

## 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.

### Terms of reference:

- To formulate and recommend to the Board, a Corporate Social Responsibility 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 from time to time the CSR Policy of the Company.

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

The Company's CSR initiatives are based on the principle of making enduring impact on the society 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 has invested in CSR programs aimed at making a difference in 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.

During the financial year ended March 31, 2017, two meetings of the Committee were held on April 26, 2016 and October 20, 2016.

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

Name of the Member	Category	Designation	Number of Meeting Held	Number of Meeting Attended#
Dr. Bala S Manian	Independent Director	Chairman	2	2
Suresh Talwar	Independent Director	Member	2	2
Prof. Catherine Rosenberg	Non- Executive Director	Member	2	1
Dr. Vijay Kuchroo*	Independent Director	Member	-	-

\* Appointed as member of the Committee w.e.f. March 1, 2017.

# Includes meetings attended through audio visual mode.

## Nomination & 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.

### Terms of Reference:

- To review the Board structure, size and composition and make recommendation for any change.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel

and other employees;

- To formulate the criteria for evaluation of performance of Independent Directors and the Board;
- Identify persons who are qualified to become Directors and who may be appointed in the senior management team in accordance with the criteria laid down, and recommend to the Board their appointment and /or removal;
- Whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors;

- Devising a policy on diversity of Board of Directors;
- Analysing, monitoring and reviewing various human resource and compensation matters; and
- Undertake overall supervision and administration of Employee Stock Option Plan of the Company.

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 ended March 31, 2017, three meetings of the Committee were held i.e. on April 25, 2016, October 19, 2016 and January 24, 2017.

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

Name of the Member	Category	Designation	Number of Meeting Held	Number of Meeting Attended#
Dr. Bala S Manian	Independent Director	Chairman	3	3
Suresh Talwar*	Independent Director	Member	2	2
Prof. Catherine Rosenberg	Non- Executive Director	Member	3	2
Dr. Vijay Kuchroo**	Independent Director	Member	-	-
Daniel M Bradbury***	Independent Director	Member	1	1

\* Inducted as member of the Committee w.e.f. June 30, 2016

\*\*Appointed as member of the Committee w.e.f. March 1, 2017.

\*\*\* Ceased to be a member of the Committee w.e.f. May 15, 2016.

# Includes meetings attended through audio visual mode.

All the members of the Committee are Non-Executive and majority of them are Independent Director.

### Board Evaluation

Pursuant to section 134 of the Companies Act, 2013 and SEBI Listing Regulations, 2015 the Board is responsible for the formal annual evaluation of its own performance, of its Committees and Individual Directors. Further, as per regulation 17 of SEBI Listing Regulations, 2015, performance evaluation of the Independent Directors shall be done by the entire Board of Directors, excluding the Directors being evaluated.

The Nomination & Remuneration Committee has laid down the evaluation criteria for the Board as a whole, Committees, Chairperson and Individual Directors. The evaluation was carried out through a structured questionnaire covering various aspects of the functioning of the Board through online survey mode.

The following broad parameters were considered to evaluate the performance of the Independent Directors:

- Maintaining high standards of ethics, integrity, confidentiality and adherence to the code of conduct;
- Appropriate experience, expertise, knowledge and understanding of the sector in which Company operates.

- Monitoring the effectiveness of corporate governance practices;
- Participation and contribution at the Board & Committee meetings;
- Maintaining good Interpersonal relationship with the fellow Directors and management team;
- Exercise of independent judgment in the best interest of Company.

The following broad parameters were considered to evaluate the performance of the Board and Committees:

- Appropriateness of size & composition of Board and Committees;
- Effective discharge of functions and duties as per term of reference;
- Maintaining high standard of corporate governance practices in its functioning;
- Appropriate experience and expertise to understand Company's current and emerging business models and the sector/industry in which company operates;
- Review of financial reporting processes, internal control processes and compliances with applicable laws;
- Periodically evaluate strategic plans, policies, risk management framework and ensures sustainability of

operations of the Company;

- Timeliness of circulation of agenda papers and agenda support papers are of appropriate quality to enable effective discussion and decision making;
- Decision based on merits in the best interest of the Company and its stakeholders;
- Appropriately engages with the executive team.

The following broad parameters were considered to evaluate the performance of the Chairperson:

- Maintaining high standards of ethics, integrity, confidentiality and adherence to the Code of Conduct;
- Effective management of meetings and promotes high standards of Corporate Governance in the Board's functioning;
- Understand Company's business and sector in which it operates ;
- Encourage candid discussions and allows each Board member to participate and add value to the decision making;
- Effective and constructive communication with the fellow Board members, Executive Team and other stakeholders.

The feedback received on evaluation process was accumulated and discussed in detail by the Independent Directors at its meeting and by the Chairperson of the Board with Directors and Independent Directors and collective action points for improvement were put in place.

The Directors recognized that the Board and Committees are functioning effectively and acknowledged the efforts and contributions made by the Chairperson, Executive and Non-Executive Directors and Independent Directors towards the Company performance.

## Remuneration Policy

The remuneration policy of the Company is broadly based on the following criteria:

- Remuneration structure is reasonable and sufficient to attract, retain and motivate employees at all levels in the Company;

- Relationship of remuneration with the performance is clear and meets performance benchmarks;
- Remuneration to Directors/ Senior Management/ Key Managerial Personnel involves balance between fixed, variable pay and stock options reflecting short and long term objective derived from the Company's goal.

For details, refer Annexure 3 of the Board's Report on policy relating to Director's appointment and remuneration.

## Remuneration of Directors

### All Pecuniary Relationship or Transactions of the Non-Executive Directors

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

### Criteria for Making Payment to Non-Executive Directors

The role of Non-Executive/Independent Directors of the Company is 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 marketing, technology, corporate strategy, legal, finance and other corporate functions. The Company seeks their expert advice on various matters in science, technology, legal or Intellectual property from time to time and the Non-Executive/Independent Directors are compensated.

### Compensation/Fees Paid to Non-Executive Directors

The Non-Executive Directors were paid a consolidated sitting fees of ₹ 1 lac for attending the Board and Committee Meetings. The Non-Executive Independent Directors of the Company are paid remuneration by way of commission as approved by the Board. Further, shareholders at the Extra Ordinary General Meeting held on September 11, 2014 has approved the overall limit of 1% per annum of our net profits for remuneration by way of commission payable to Non-Executive Independent Directors of the Company.

### Details of Remunerations

The details of remuneration and sitting fees paid or provided to all the Directors during the year ended March 31, 2017 are as under:

(₹ in Million)

Name of the Director	Salary & Perquisites			Others		Total
	Fixed Pay + Bonus	Perquisites	Retrial Benefits	Commission	Sitting Fees	
Kiran Mazumdar Shaw	-	-	-	-	-	-
John Shaw	-	-	-	-	-	-
Peter Bains	-	-	-	-	0.40	0.40
Prof. Catherine Rosenberg	-	-	-	-	0.40	0.40
Russell Walls	-	-	-	2.86	0.50	3.36
Suresh N Talwar	-	-	-	2.15	0.50	2.65
Paul F Blackburn	-	-	-	2.60	0.50	3.10
Dr. Bala S Manian	-	-	-	2.99	0.40	3.39
Dr. Vijay Kuchroo	-	-	-	0.72	0.10	0.82

The details above are on accrual basis.

Kiran Mazumdar Shaw is an Executive Director and all others are Non-Executive Directors of the Company. However, Kiran

Mazumdar Shaw does not draw any remuneration from the Company, as she is the Chairperson and Managing Director of Biocon Limited.

Further, during the financial year no stock options were granted to any Executive / Non-Executive Directors of the Company.

**Service Contracts, Notice Period, Severance Fees**

As at March 31, 2017, the Board comprised nine members including one Executive Director, eight Non-Executive Directors, of which five are Independent Directors. Kiran Mazumdar Shaw, Executive Director, is not an employee of the Company as she is the employee of our Promoter Company i.e. Biocon Limited. There is no separate provision for payment of severance fees or any notice period for the Independent Directors.

## General Body Meetings

### Location and time of last three Annual General Meetings

The details of location and time last three Annual General Meetings are as detailed below:

Sl. No.	Financial Year	Date & Time	Location	Special Resolution Passed
1	2013-14	July 23, 2014 4:15 pm	Walter Gilbert Room, Biocon Limited, 20KM, Hosur Road, Bengaluru 560 100	Approval for enhancement of borrowing limit and creation of charges.
2	2014-15	June 22, 2015 10:00 am	Walter Gilbert Room, Biocon Limited, 20KM, Hosur Road, Bengaluru 560 100	Amendment to Syngene Employee Stock Option Plan – 2011.
3	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	-

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

During the financial year 2016-17, there was no resolution passed through postal ballot.

### Means of Communication

The quarterly, half-yearly and annual financial results are sent to the Stock Exchanges immediately after the Board approves the same. These results are usually published in

Financial Express and Kannada newspaper Vijayavani. The results along with presentations made by the Company to Analysts are also posted on the website of the Company viz. [www.syngeneintl.com](http://www.syngeneintl.com). The Company's website also displays all official news releases from time to time. The Company organizes 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 posted on our website.

## General Shareholder Information

Day and Date of Annual General meeting	Friday, July 28, 2017
Time	2:00 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	August 3, 2017
Date of Book Closure/Record Date	July 21, 2017
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	Annual listing fees has been paid for the FY 2016-17.
Stock Symbol /Code	Syngene (NSE) 539268 (BSE)
International Securities Identification Number (ISIN)	INE398R01022
Face Value per share	₹ 10/-
Date of Listing	August 11, 2015
Financial calendar for 2017-18 (tentative dates)	
For the quarter ending June 2017	July 27, 2017
For the quarter ending September 2017	October 26, 2017
For the quarter ending December 2017	January 24, 2018
For the quarter ending March 2018	April 26, 2018

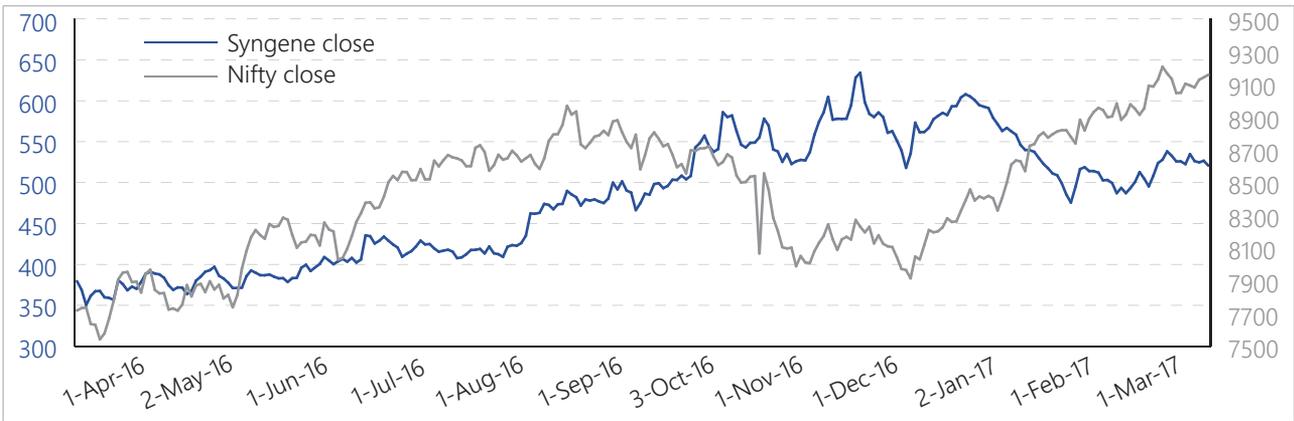
### Market Price Data for 2016-17

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, 2016 to March 31, 2017 is given below:

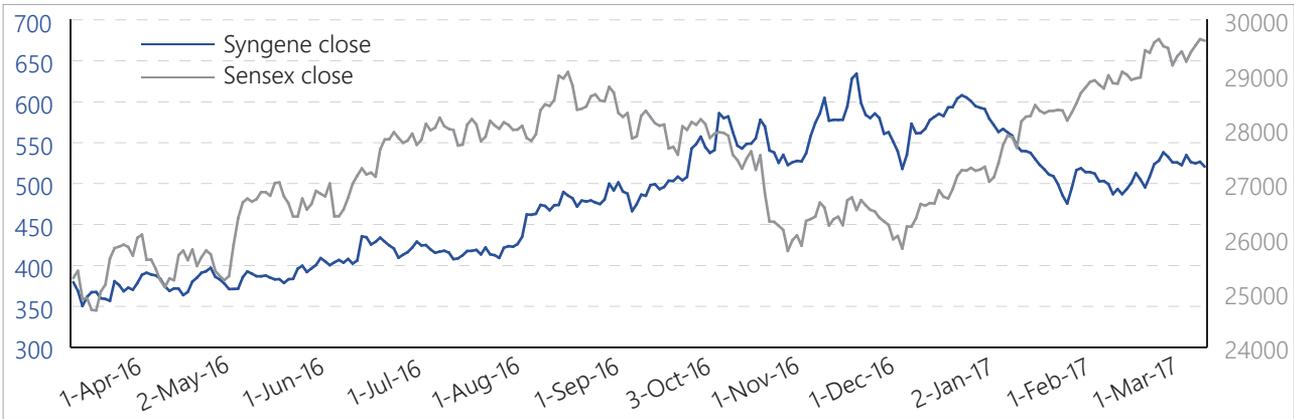
Month	BSE			NSE		
	High Price (₹)	Low Price (₹)	Volume of Equity Shares	High Price (₹)	Low Price (₹)	Volume of Equity Shares
Apr 16	398.00	349.00	660,191	398.00	349.00	5,213,736
May 16	398.00	360.00	1,394,790	398.00	360.00	3,731,911
June 16	416.35	376.00	369,589	416.00	376.00	1,826,161
July 16	458.00	402.10	639,639	458.60	401.30	3,110,547
Aug 16	486.00	405.25	639,911	486.40	405.25	4,320,573
Sept 16	524.45	454.25	605,910	523.90	450.00	3,367,138
Oct 16	593.05	478.60	766,272	593.50	478.00	4,661,317
Nov 16	596.00	495.05	392,624	596.00	496.00	2,293,422
Dec 16	663.30	512.80	5,224,552	663.20	511.00	6,122,855
Jan 17	617.00	543.50	449,103	617.55	543.70	2,554,888
Feb 17	553.00	462.55	610,007	552.00	463.00	3,685,950
Mar 17	544.00	481.50	521,038	544.45	480.15	3,172,128

## Relative Movement Chart

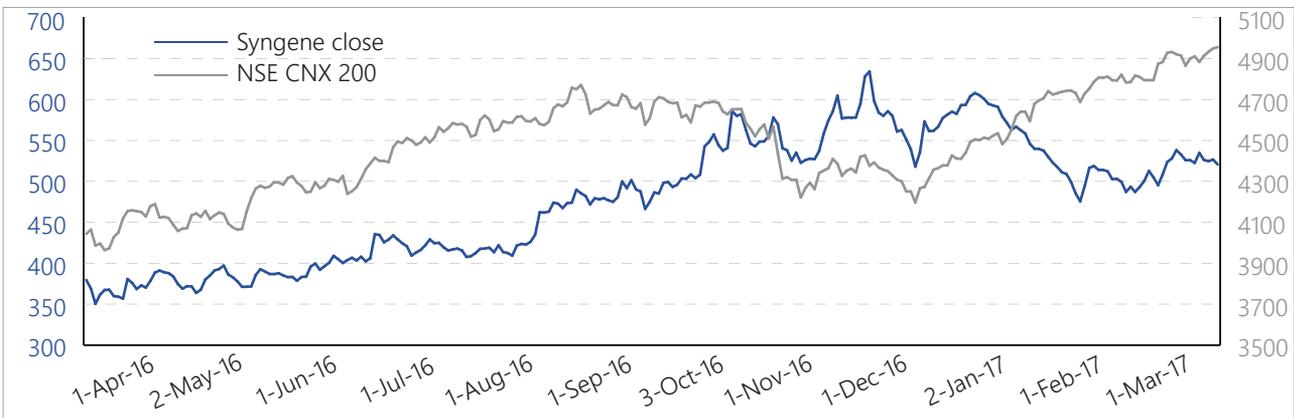
Syngene and S & P Nifty share price movement from April 1, 2016 to March 31, 2017



Syngene and BSE Sensex share price movement from April 1, 2016 to March 31, 2017



Syngene and S & P CNX 200 share price movement from April 1, 2016 to March 31, 2017



Syngene and BSE S & P 200 share price movement from April 1, 2016 to March 31, 2017



As on March 31, 2017 the securities of the Company are not suspended from trading.

#### Registrar to an Issue and Share Transfer Agents

The members of the Company may addressed all it communication relating to transfer, transmission, Refund order, Dividend, National Electronic Clearing system (NECS) dematerialisation etc. to Company's Share Transfer agent i.e. Karvy Computershare Private Limited at the below address and may also write to the Company.

Karvy Computershare Private Limited  
(Unit: Syngene International Limited),  
Plot 31-32, Karvy Selenium, Tower B,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032  
E-mail id: einward.ris@karvy.com

#### Share Transfer System

All the shares of the Company are held in dematerialized form except for 120 shares which were in physical form as on March 31, 2017. The Stakeholders Relationship Committee approves the transfer of shares in the physical form as per the time limits and procedure specified in the regulation 40 of SEBI Listing Regulations, 2015. There are no shares in demat suspense account and unclaimed suspense account as on March 31, 2017.

#### Distribution of shareholding by number of shares

Sl. No.	Category	Number of Shares	% to Equity
1	Promoters	149,029,121	74.51
2	Foreign Institutional Investors	16,645,935	8.32
3	NRI & Foreign Corporate Bodies	14,991,393	7.50
4	Mutual Funds, Banks, FIs	2,671,183	1.34
5	Directors	125,000	0.06
6	Corporate Bodies	2,936,306	1.47
7	Indian Public & Others	9,087,537	4.54
8	Non Promoter Non Public	4,513,525	2.26
	<b>Total</b>	<b>200,000,000</b>	<b>100.00</b>

List of shareholders holding more than 1% of the paid up share capital as on March 31, 2017:

Sl. No.	Name	Shareholding	% to Paid-up Capital
1	Biocon Limited	145,217,843	72.61
2	Silver Leaf Oak (Mauritius) Limited	14,390,777	7.20
3	Syngene Employee Welfare Trust	4,513,525	2.26
4	Steadview Capital Mauritius Limited	3,007,993	1.50
	<b>Total</b>	<b>167,130,138</b>	<b>83.57</b>

Distribution of shareholding by number of shares

Category	No. of shareholders	Total Shares	% to shareholders	% to paid up capital
Upto 5000	48,694	3,894,154	94.45	1.95
5001- 10000	1,653	1,182,058	3.21	0.59
10001- 20000	509	739,269	0.99	0.37
20001- 30000	183	468,898	0.35	0.23
30001- 40000	110	382,761	0.21	0.19
40001- 50000	81	381,985	0.16	0.19
50001- 100000	143	1,047,443	0.28	0.52
100001 & Above	184	1,919,034,320	0.36	95.95
<b>Total</b>	<b>51,557</b>	<b>200,000,000</b>	<b>100.00</b>	<b>100.00</b>

**Dematerialization of Shares and Liquidity**

Shares of Syngene are tradable compulsorily in electronic form. We have established connectivity with both the depositories, which is 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, 2017.

**Commodity Price risk or foreign exchange risk and hedging activities**

Company has Foreign Exchange Risk Management Policy and accordingly, during the year ended March 31, 2017,

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, 2017**

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 unclaimed dividend amounts along with their due dates for transfer to IEPF is mentioned below:

Sl. No.	Year	Nature	Dividend amount per Share (in ₹)	Amount of unclaimed dividend/IPO refund as at March 31, 2017 (in ₹)	Due date for transfer of unclaimed dividend amount to IEPF [IEPF rule 3(1)]
1	2015-16	IPO refund	NA	1,109,400	August 5, 2022
2	2015-16	Interim Dividend	1.00	66,953	April 16, 2023

**Plant Locations**

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

<p><b>Financial Disclosure Correspondence</b> Chinappa M B President – Finance &amp; Chief Financial Officer Tel: 91 80 - 2808 3901 E-mail id: <a href="mailto:mb.chinappa@syngeneintl.com">mb.chinappa@syngeneintl.com</a></p> <p><b>Media Correspondence</b> Sandeep Nair Corporate Communications Tel: 91 80 - 6775 8775 E-mail id: <a href="mailto:sandeep.nair@syngeneintl.com">sandeep.nair@syngeneintl.com</a></p> <p><b>Correspondence Address Regd. Office</b> Syngene International Limited Biocon Park SEZ, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru 560 099</p>	<p><b>For queries related to shares / dividend / compliance</b> Mayank Verma Company Secretary and Compliance Officer Tel.: 91 80 - 6775 8781 E-mail id: <a href="mailto:mayank.verma@syngeneintl.com">mayank.verma@syngeneintl.com</a> <a href="mailto:investor@syngeneintl.com">investor@syngeneintl.com</a></p> <p><b>Investor Relations Correspondence (Investors &amp; Research Analysts)</b> Chanderlekha Nayar Investor Relations Tel: 91 80 – 6775 8821 E-mail id: <a href="mailto:chanderlekha.nayar@syngeneintl.com">chanderlekha.nayar@syngeneintl.com</a></p> <p><b>Registrar and Share Transfer Agents</b> Karvy Computershare Private Limited (Unit: Syngene International Limited), Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 E-mail id: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a></p>
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## 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 into with the Related Parties as defined under Companies Act, 2013 during the year were in the ordinary course of business and on an arm's length basis, and did not attract provisions of Section 188 of Companies Act, 2013, relating to approval of shareholders. However, prior approval from the Audit & Risk Committee were obtained for all 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.

The Company has formulated the policy on materiality of related party transactions and on dealing with related party transactions and it is available at the website of the Company at: <http://www.syngeneintl.com/investor-relations/corporate-governance>

**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, Company has complied with all the requirements of the Stock Exchange (s), SEBI or any other statutory authority on all matter related to capital markets, since it got listed on stock exchanges on August 11, 2015. Further, there were no non-compliance, no penalties, no strictures imposed on the Company by the stock exchange(s) or the board or any other statutory authority during the financial year.

### Establishment of Whistle Blower/Vigil Mechanism and affirmation that no personnel has 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 to the Company or any other unethical practices. The policy safeguards the whistle blowers to report concerns or grievances and also provides a direct access to the Chairman of the Audit Committee. During the year under review none of the personnel has been denied access to the Audit Committee.

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

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

Company has complied with all mandatory requirements of corporate governance as specified under SEBI Listing

Regulations, 2015. The company 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 fulfills the following discretionary requirement pursuant to section 27 (1) of the Listing regulations read with Part E of Schedule II.

- The Company is in the regime of un-qualified financial statements.
- The Internal Auditors report directly to the Audit Committee.
- Separate persons hold the post of Chairperson & Managing Director and Chief Executive Officer.

## **Disclosure of Accounting Treatment**

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 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").

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Company is provided in Note 30.

These 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, March 31, 2017. These financial statements were authorised for issuance by the Company's Board of Directors on April 27, 2017.

## **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 Directors of the Company. The certificate is annexed with the report.

## **Corporate Governance Compliance Certificate**

As required under Schedule V (E) of the SEBI Listing Regulations, 2015, 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 Director's Report as Annexure 5.

## **Code of Conduct**

The Company has adopted the Code of Conduct for the Board of Directors and Senior Management of the Company. The Company has received confirmations from the Board of Directors and Senior Management regarding compliance with the code during the year under review. The Code of Conduct is available on the website of the Company.

## **Declaration by the Chief Executive Officer on 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 the Code is available on the Company's website.

I hereby confirm that all the Members of the Board of Directors 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, 2017.

For Syngene International Limited

Date: April 27, 2017  
Place: Bengaluru

**Jonathan Hunt**  
Chief Executive Officer

To,  
**The Board of Directors**  
Syngene International Limited  
Biocon Park SEZ,  
Bommasandra - Jigani Link Road,  
Bangalore- 560 099

### Compliance Certificate

**Ref: Regulation 17(8) of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015**

We, Jonathan Hunt, Chief Executive Officer and Chinappa M B, Chief Financial Officer of the Company hereby certify that:

- A. We have reviewed the financial statements and cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2017 are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have been taken to rectify these deficiencies.
- D. We have indicated to the Auditors and Audit Committee that there are no:-
1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Jonathan Hunt  
Chief Executive Officer

Chinappa M B  
Chief Financial Officer

Date: April 25, 2017  
Place: Bengaluru

# Business Responsibility Report

Pursuant to regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, mandates inclusion of the Business Responsibility Report (BRR) as part of the Annual Report. In compliance with the requirement, the complete Business Responsibility Report is given below. The report states 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.

## Section A: General Information about the Company

1. Corporate Identity Number: L85110KA1993PLC014937
2. Name of the Company: Syngene International Limited
3. Registered address: Biocon SEZ Park, Bommasandra Industrial Area,  
Phase IV, Jigani Link Road, Bengaluru – 560 099
4. Website: [www.syngeneintl.com](http://www.syngeneintl.com)
5. Email-id: [investor@syngeneintl.com](mailto:investor@syngeneintl.com)
6. Financial year reported: April 1, 2016 to March 31, 2017
7. Sector(s) that the Company is engaged in (Industrial activity code-wise) – Scientific Research & Development (NIC code 72).
8. Three key products/services that the Company manufactures/provides (as in B/s) –
  - (a) Discovery Biology;
  - (b) Chemical Development;
  - (c) Biologics.
9. Total number of locations where business activity is undertaken by the Company
  - (a) Number of International Locations - Nil
  - (b) Number of National Locations - 3 operational units in Bengaluru
10. Markets served by the Company – Syngene provides its services to a global clientele spread across more than 30 countries including India.

## Section B: Financial Details of the Company

(₹ In Million)

S No	Particulars	Details as on March 31, 2017
1.	Paid up capital	2,000
2.	Total turnover (Revenue from operations)	12,716
3.	Total profit after tax	2,873
4.	Total spending on corporate social responsibility (CSR) by the Company	2% of the average net profits of the Company made during the three immediate preceding financial years.
5.	List of activities in which expenditure in 4 above has been incurred.	<ol style="list-style-type: none"> <li>1. Health</li> <li>2. Education</li> <li>3. Rural Development</li> </ol> For details, refer Annexure 6 of Directors' Report

## Section C: Other Details

About Subsidiary – NA

## 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: 00347229
- Name: Kiran Mazumdar Shaw
- Designation: Managing Director

#### b) Details of the BR Head:

Kiran Mazumdar Shaw, Managing Director, along with Executive Committee, oversees the BR implementation. However, the Company currently does not have a BR Head.

### Principles covered under the Business Responsibility Report

SI No	Description	Reference of Syngene Policies
P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability	Code of Ethics & Business Conduct and Whistle Blower/ Integrity policy
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	EHSS Policy, Quality Policy & Procurement SOP
P3	Businesses should promote the well-being of all employees	HR Policies including Employment Policy
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	HR Policies
P6	Business should respect, protect and make efforts to restore the environment	EHSS 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):

S 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?	Dr. Kiran Mazumdar Shaw, Managing Director, 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

S No	Questions	P1	P2	P3	P4	P5	P6	P7#	P8	P9
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: # Formal Public advocacy policy will be formulated in due course. However, Syngene, through regular engagement with specific external stakeholders, regulatory authorities and industrial associations, plays an active role in influencing public policies.

## All the Company policies are available on intranet for internal stakeholders. However, wherever external stakeholders are involved, relevant policies are also available on company's website [www.syngeneintl.com](http://www.syngeneintl.com).

1. Governance related to BR:

The Governance related to BR are being reviewed periodically by the Executive Committee. This is Syngene's first BRR and will be henceforth published annually. A copy of the report will also be made available at [www.syngeneintl.com](http://www.syngeneintl.com)

Section E: Principle wise performance

P. No.	Description	Response
<b>Principle 1 – Business should conduct and govern themselves with Ethics, Transparency and Accountability</b>		
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. Our corporate governance framework is an integral element of our culture and covers Company and its suppliers/Contractors. The Company has adopted a policy on Code of Ethics and Business Code 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.	Syngene's Whistle Blower/Integrity policy, allows employees, directors and other stakeholders to report matters such as genuine grievances, corruption, fraud, misconduct, misappropriation of assets, non-compliance with code of conduct of the Company or any other unethical practices. For details pertaining to shareholders complaints, refer our "Shareholders Complaints" section in Corporate Governance report of the Annual Report. For other grievances, refer Principle 3 of this report.
<b>Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.</b>		
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 our services, it is not possible to define the concerns, risks and opportunities for each service individually. However, Syngene considers Environment, Health, Safety and Sustainability (EHSS) as a top priority in all its processes and is committed to achieving it in the most responsible manner.

P. Description No.	Response																		
<p>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):</p> <p>(a) Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?</p> <p>(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?</p>	<p>The common performance indicators across our business are the laboratory foot-print and equipment occupancy. We have set standards to monitor and control the consumption of resource usage at various stages of our operation. Below is the reduction shown based on our internal performance monitoring;</p> <p>Laboratory foot-print</p> <table border="1" data-bbox="643 499 1473 737"> <thead> <tr> <th>Particulars</th> <th>2015-16</th> <th>2016-17</th> </tr> </thead> <tbody> <tr> <td>Electrical Units Consumed</td> <td>31.89 Units/sq. ft.</td> <td>29.83 Units/sq. ft.</td> </tr> <tr> <td>Water</td> <td>Raw Water: 0.020 KL /Sq. ft. Processed Water: 0.073 KL/ sq. ft.</td> <td>Raw Water: 0.019 KL /Sq. ft. Processed Water: 0.055 KL/ sq. ft.</td> </tr> <tr> <td>Steam</td> <td>0.02 Ton/sq. ft.</td> <td>0.02 Ton /sq. ft.</td> </tr> </tbody> </table> <p>Equipment Occupancy</p> <table border="1" data-bbox="643 803 1473 913"> <thead> <tr> <th>Particulars</th> <th>2015-16</th> <th>2016-17</th> </tr> </thead> <tbody> <tr> <td>Electrical Units/KL of reactor occupancy</td> <td>678 Units/KL of reactor occupancy</td> <td>552 Units /KL of reactor occupancy</td> </tr> </tbody> </table>	Particulars	2015-16	2016-17	Electrical Units Consumed	31.89 Units/sq. ft.	29.83 Units/sq. ft.	Water	Raw Water: 0.020 KL /Sq. ft. Processed Water: 0.073 KL/ sq. ft.	Raw Water: 0.019 KL /Sq. ft. Processed Water: 0.055 KL/ sq. ft.	Steam	0.02 Ton/sq. ft.	0.02 Ton /sq. ft.	Particulars	2015-16	2016-17	Electrical Units/KL of reactor occupancy	678 Units/KL of reactor occupancy	552 Units /KL of reactor occupancy
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<p>2.3 Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.</p>	<p>We offer services to clients who further take it to customers. Hence, there are no established monitoring mechanism to ascertain reduction in energy and water usage by consumers.</p> <p>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 Syngene's sourcing policies. During the financial year, 59% of our procurement was from domestic vendors.</p>																		
<p>2.4 Has the company taken any steps to procure goods and services from local &amp; 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?</p>	<p>As part of its community development philosophy, support functions like catering, employee transportation services, housekeeping, landscaping and others are outsourced to local vendors in the vicinity of our operations with an objective of developing them as well as supporting their economic growth.</p>																		
<p>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 &lt;5%, 5-10%, &gt;10%). Also, provide details thereof, in about 50 words or so.</p>	<p>Syngene is accredited with ISO 14001: 2015 and OHSAS 18001: 2007 certification from TUV Nord. It has successfully implemented various measures aimed at optimizing, recycling, recovering and reusing resources and is working towards achieving Zero Liquid Discharge at the site. The waste generated in our research laboratories and manufacturing facilities are transferred to our tertiary effluent treatment plant and the treated water is recycled for use in utilities and landscaping as per prescribed norms. Syngene has also set in places 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 &amp; reused.</p>																		

P. No.	Description	Response
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**Principle 3 - Businesses should promote the well-being 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 a business together. Innovation in HR practices is central to institutionalizing collaborative work environment, driving transformational leadership and developing values based culture.

3.1	Please indicate the total number of employees	3492
3.2	Please indicate the total number of employees hired on contractual/ casual basis	559
3.3	Please indicate the total Number of permanent women employees.	608
3.4	Please indicate the number of permanent employees with disabilities	-
3.5	Do you have an employee association that is recognized by management?	No, we do not have an employee association that is recognized by the management; however we have representatives unanimously elected as representatives of workmen
3.6	What percentage of your permanent employees is members of this recognized employee association?	Not Applicable
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.	There were no instances of any child labor, forced / involuntary labor, discriminatory employment during the financial year. The company has a Prevention of Sexual Harassment Policy in accordance with the statutory requirements of The 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. A total of two cases were reported under the Prevention of Sexual Harassment Policy during FY 16-17, and all the cases were satisfactorily addressed and appropriate actions were taken. The summary of the complaints received and resolved is given below.

No.	Category	No of Complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labor/ forced labor / involuntary labor	0	0
2	Sexual harassment	2	0
3	Discriminatory employment	0	0
4	Customer Complaints	14	3

P. No.	Description	Response																		
3.8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	<p><b>Learning and Development (L&amp;D)</b></p> <p>Syngene being a leading CRO, it is imperative for its employees to keep abreast with the latest developments within their domain as well as stay updated on industry trends &amp; technologies, quality &amp; regulatory updates and other applicable advances that impact our business. While we focus on in-house soft-skill and behavioral learning interventions through contemporary learning methodologies like simulation, team building, case study or theatre based delivery, we also participate in certification or external technical upgradation seminars, conferences and symposiums to build capabilities in a holistic way.</p> <table border="1" style="width: 100%; text-align: right;"> <thead> <tr> <th style="width: 60%;"></th> <th colspan="2">in %</th> </tr> <tr> <th>Category</th> <th>Skill-Upgradation Trainings</th> <th>Safety Trainings</th> </tr> </thead> <tbody> <tr> <td>Permanent Employees</td> <td>35</td> <td>90</td> </tr> <tr> <td>Permanent Women Employees</td> <td>41</td> <td>43</td> </tr> <tr> <td>Casual/ Temporary Employees and Contract Workers</td> <td>77</td> <td>64</td> </tr> <tr> <td>Employees with disabilities</td> <td>NA</td> <td>NA</td> </tr> </tbody> </table>		in %		Category	Skill-Upgradation Trainings	Safety Trainings	Permanent Employees	35	90	Permanent Women Employees	41	43	Casual/ Temporary Employees and Contract Workers	77	64	Employees with disabilities	NA	NA
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Category	Skill-Upgradation Trainings	Safety Trainings																		
Permanent Employees	35	90																		
Permanent Women Employees	41	43																		
Casual/ Temporary Employees and Contract Workers	77	64																		
Employees with disabilities	NA	NA																		

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

4.1	Has the company mapped its internal and external stakeholders? Yes/No	We have identified our stakeholders, both internal as well as external, who directly or indirectly influence our business. Our key stakeholders include Employees, Contract Workers, Clients, Consultants, Investors & Shareholders, Vendors, Suppliers & Distributors, Government & Regulators and Local communities.
4.2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?	Yes we have identified the disadvantaged, vulnerable & marginalized stakeholders and we through Biocon Foundation undertake various initiatives for the benefit of marginalized communities. For more details, please visit <a href="http://www.bioconfoundation.org/">http://www.bioconfoundation.org/</a> .
4.3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.	Syngene executes its CSR activities through Biocon Foundation, to reach out to the underprivileged section of the society and make meaningful difference in their lives in the areas of education, health, rural development, infrastructure, gender equality and safety of women & children. During the financial year, Syngene contributed ₹ 41 million towards its CSR initiatives. For more details, please refer "Corporate Social Responsibility" section of Director's Report of Annual Report 2016-17.

**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?	Yes policy covers all employees of Syngene.
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, refer our "Shareholders Complaints" section in Corporate Governance report of the Annual Report. For other grievances, refer Principle 3 of this report

P. No.	Description	Response
<b>Principle 6 - Business should respect, protect and make efforts to restore the environment</b>		
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 EHSS policy is applicable to all its employees, contractors and suppliers.
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.	<p>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 <a href="http://www.syngeneintl.com">www.syngeneintl.com</a>.</p> <p>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.</p> <p>Some of our key environment management programs in 2016-17 includes:</p> <ul style="list-style-type: none"> <li>• Continue to pursue the philosophy of 'Zero Liquid Discharge' (Reusing treated effluent for gardening and utilities)</li> <li>• Installation of Diaphragm pumps (Reduction of oil waste)</li> <li>• Installation of Compactor (Reduction of aluminum waste by 80 %)</li> <li>• Use of alternate chemicals in place of highly hazardous chemicals (Replacing resources for better environment)</li> <li>• Use of LED lights in the office areas and laboratories wherever feasible (Reduction of power or energy conservation)</li> <li>• Use of Trapping Flask (Reduction of solvent exposure)</li> <li>• Use of Reusable lids (Reduction of waste)</li> <li>• Implementation of Reverse Phase Purification (Reduction of solvent usage)</li> <li>• Installation of High pressure water jet pump (Reduction in water usage)</li> </ul>
6.3	Does the company identify and assess potential environmental risks? Y/N	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.

P. Description No.	Response
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 on end of Financial Year.	During the financial year, there was one show cause notice received from the KSPCB and it has been resolved satisfactorily.
<b>Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner</b>	
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 in the development of the CRO industry by partnering with the regulatory authorities and industry associations in framing appropriate policies and guidelines. Syngene is a member of Association of Biotechnology Led Enterprises (ABLE) and Basic Chemicals, Cosmetics & 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 uses its industry and domain knowledge and experience to suggest suitable inputs that helps in making sound policy decisions and to drive change in public policies that are beneficial to the Industry.
<b>Principle 8 – Businesses should support inclusive growth and equitable development</b>	
8.1 Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Syngene's CSR initiatives are based on the principle of making enduring impact through programs that promote social and economic inclusion. The company believes that no organization can sustain in a society that is deprived of good health and sound education. It develops and implements healthcare, educational, and infrastructure projects for marginalized sections of society. It focuses on disease prevention, improved healthcare facilities, education and community development. For more details, please refer "Corporate Social Responsibility" section of Director's Report of Annual Report 2016-17.
8.2 Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	Syngene's CSR initiatives are executed through Biocon Foundation, a registered body under the Indian Trust Act.
8.3 Have you done any impact assessment of your initiative?	For impact assessment, please visit <a href="http://www.bioconfoundation.org/">http://www.bioconfoundation.org/</a> .
8.4 What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?	During the financial year, Syngene contributed ₹ 41 million towards its CSR initiatives. For more details, please refer "Corporate Social Responsibility" section of Director's Report of Annual Report 2016-17.

P. Description No.	Response
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.	<p>Yes. The steps taken to ensure that the programs are successfully adopted by the community can be illustrated with a few examples –</p> <ul style="list-style-type: none"> <li>• Increase in patient footfall in all the clinics show that the community is using our services. We have tried to strengthen preventive and primary health services to reduce the burden on larger tertiary centres and reduce the number of in patients.</li> <li>• Cancer screening in low resource settings and quality care and referral has encouraged more individuals to participate in the screening process.</li> </ul>
<b>Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner</b>	
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 complaint in an efficient and timely manner. During the financial year, 14 customer complaints were received out of which 3 (i.e. 21%) are pending closure as at the end of the financial year.
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)	Not applicable
9.3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	During the financial year, there were no case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.
9.4 Did your company carry out any consumer survey/ consumer satisfaction trends?	Syngene provides scientific solutions to a global customer base of 293 companies across various industry segments including pharmaceuticals, biotechnology, nutrition, animal health, agro chemicals, consumer products and others. We regularly interact with our customers to get their feedback on our services and deliverables.

## Independent Auditor's Report

To The Members of Syngene International Limited

### Report on the Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying Ind AS financial statements of Syngene International Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

### Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Other Matters

The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2016 and 31 March 2015 dated 26 April 2016 and 28 April 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in Section 143(11) of the Act, we give in "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the order.
2. 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 balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
  - (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) 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:
    - i. the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 32(i)(a) to the Ind AS financial statements;
    - ii. provision has been made in the financial statements, 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 financial statements;
    - iii. there were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Company; and
    - iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of account maintained by the Company and as produced by the management. Refer Note 33 to the Ind AS financial statements.

for B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

S Sethuraman

Partner

Membership number: 203491

Place: Bengaluru

Date: 27 April 2017

## Annexure - A to the Independent Auditor's Report

The Annexure referred to in paragraph 1 in 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report to the members of Syngene International Limited ("the Company") on the Ind AS financial statements of the Company for the year ended 31 March 2017. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment.
- (b) The Company has a regular programme of physical verification of its property, plant & equipment by which all property, plant & 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 & 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, the Company is in the process of registering the title deeds of immovable properties comprising of land and building acquired during the year ended March 31, 2015, from merger of Clinigene International Limited (an erstwhile wholly owned subsidiary of the Company) amounting to INR 177 million. Also refer note 3 to the Ind AS financial statements pertaining to buildings constructed on leasehold land.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (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, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) According to information and explanations given to us, the Company has not accepted any deposits from the public. 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 provident fund, employees' state insurance, income-tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess and other material statutory dues have generally been regularly deposited during the year with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
- (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 which have not been deposited with the appropriate authorities on account of any dispute other than those 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	706	9	PY 2002-03 to PY 2008-09	High Court of Karnataka
Income-tax Act, 1961	Income tax	785	361	PY 2009-10 to PY 2013-14	Commissioner of Income tax (Appeals)
Finance Act, 1994	Service tax (including interest)	6	1	March 2005 to February 2007	Customs, Excise and Service Tax Appellate Tribunal
Karnataka Value Added Tax Act, 2003	Non-deduction of tax at source	2	-	FY 2009-10 FY 2010-11	Joint Commissioner, Commercial Taxes

- (viii) In our opinion and according to the information and explanations give 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, we report that monies raised by the Company by way of term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds amounting to INR 2,740 million as at March 31, 2017, which were not required for immediate utilization have been invested in fixed deposits. No monies were raised, during the year, by the Company by way of initial public offer or further public offer (including debt instruments).
- (x) According to the information and explanations given to us, no fraud by the Company or 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 our examination of the records of the Company, the Company has paid/provided for 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, 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 Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations give 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 him. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- (xvi) According to the information and explanations 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: Bengaluru

Date: 27 April 2017

## Annexure - B to the Independent Auditor's Report of even date on the Ind AS financial statement of Syngene International Limited

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

We have audited the internal financial controls over financial reporting of Syngene International Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 Ind AS financial statements.

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for B S R & Co. LLP

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

S Sethuraman

Partner

Membership number: 203491

Place: Bengaluru

Date: 27 April 2017

## Balance Sheet as at March 31, 2017

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Note	March 31, 2017	March 31, 2016	April 1, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	7,944	5,743	4,976
Capital work-in-progress	3	1,749	2,368	1,051
Intangible assets	4	160	59	57
Financial assets				
Derivative assets		1,056	598	849
Other financial assets	9(a)	33	59	13
Deferred tax assets (net)	10	637	717	585
Income tax assets (net)		443	335	399
Other non-current assets	11(a)	485	329	217
<b>Total non-current assets</b>		<b>12,507</b>	<b>10,208</b>	<b>8,147</b>
<b>Current assets</b>				
Inventories	5	322	377	384
Financial assets				
Investments	6	5,404	2,766	1,461
Trade receivables	7	1,987	1,852	1,799
Cash and cash equivalents	8(a)	2,345	3,873	1,157
Bank balances other than above	8(b)	2,928	3,326	-
Derivative assets		931	489	207
Other financial assets	9(b)	243	345	189
Other current assets	11(b)	1,071	319	338
<b>Total current assets</b>		<b>15,231</b>	<b>13,347</b>	<b>5,535</b>
<b>Total assets</b>		<b>27,738</b>	<b>23,555</b>	<b>13,682</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	12(a)	2,000	2,000	2,000
Other equity	12(b)	12,131	8,247	5,957
<b>Total equity</b>		<b>14,131</b>	<b>10,247</b>	<b>7,957</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	13(a)	6,898	7,252	186
Provisions	16(a)	199	181	132
Other non-current liabilities	17(a)	517	535	655
<b>Total non-current liabilities</b>		<b>7,614</b>	<b>7,968</b>	<b>973</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	13(b)	972	1,658	1,364
Trade payables	14	1,025	744	692
Other financial liabilities	15	1,033	184	137
Provisions	16(b)	134	75	63
Income tax liabilities (net)		78	99	31
Other current liabilities	17(b)	2,751	2,580	2,465
<b>Total current liabilities</b>		<b>5,993</b>	<b>5,340</b>	<b>4,752</b>
<b>Total equity and liabilities</b>		<b>27,738</b>	<b>23,555</b>	<b>13,682</b>

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**S Sethuraman**

Partner

Membership No.: 203491

for and on behalf of the Board of Directors of Syngene International Limited

**Kiran Mazumdar Shaw**

Managing Director

DIN: 00347229

**M.B. Chinappa**

Chief Financial Officer

**JMM Shaw**

Director

DIN: 00347250

**Mayank Verma**

Company Secretary

ACS Number: 18776

**Jonathan Hunt**

Chief Executive Officer

Bengaluru  
April 27, 2017

Bengaluru  
April 27, 2017

## Statement of Profit and Loss for the year ended March 31, 2017

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Note	Year ended March 31, 2017	Year ended March 31, 2016
<b>Income</b>			
Revenue from operations	18	12,009	11,070
Other income	19	707	63
<b>Total income</b>		<b>12,716</b>	<b>11,133</b>
<b>Expenses</b>			
Cost of chemicals, reagents and consumables consumed	20	3,212	3,148
Changes in inventories of finished goods and work-in-progress	21	6	(44)
Employee benefits expense	22	3,086	2,493
Finance costs	23	175	84
Depreciation and amortisation expense	24	1,143	973
Other expenses	25	1,629	1,669
<b>Total expenses</b>		<b>9,251</b>	<b>8,323</b>
<b>Profit before tax and exceptional item</b>		<b>3,465</b>	<b>2,810</b>
Exceptional item	36	-	-
<b>Profit before tax</b>		<b>3,465</b>	<b>2,810</b>
Tax expenses			
- Current tax		710	537
- Less: MAT credit entitlement		(219)	(166)
- Deferred tax		101	31
		<b>592</b>	<b>402</b>
<b>Profit for the year</b>		<b>2,873</b>	<b>2,408</b>
<b>Other comprehensive income</b>			
<b>(i) Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurement of defined benefit plans		(28)	(19)
Income tax effect		5	3
Net other comprehensive income not to be reclassified subsequently to profit or loss		(23)	(16)
<b>(ii) Items that will be reclassified subsequently to profit or loss</b>			
Fair value changes on cash flow hedges		1,074	28
Income tax effect		(203)	(6)
<b>Net other comprehensive income to be reclassified subsequently to profit or loss</b>		<b>871</b>	<b>22</b>
<b>Other comprehensive income for the year, net of income tax</b>		<b>848</b>	<b>6</b>
<b>Total comprehensive income for the year</b>		<b>3,721</b>	<b>2,414</b>
<b>Earnings per equity share</b>	38		
Basic (in ₹)		14.71	12.38
Diluted (in ₹)		14.55	12.19

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

As per our report of even date attached

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

**S Sethuraman**  
Partner  
Membership No.: 203491

Bengaluru  
April 27, 2017

for and on behalf of the Board of Directors of Syngene International Limited

**Kiran Mazumdar Shaw**  
Managing Director  
DIN: 00347229

**M.B. Chinappa**  
Chief Financial Officer

Bengaluru  
April 27, 2017

**JMM Shaw**  
Director  
DIN: 00347250

**Mayank Verma**  
Company Secretary  
ACS Number: 18776

**Jonathan Hunt**  
Chief Executive Officer

## Statement of Changes in Equity for the year ended March 31, 2017

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

(A) Equity share capital	March 31,	March 31,	Reserves and surplus				Items of Other Comprehensive Income			
	2017	2016	General reserve	Treasury shares	Retained earnings	Share based payment	Cash flow hedging reserves	Other items of other comprehensive income	Total other equity	
Opening balance	2,000	2,000	47	(110)	4,940	134	-	(23)	5,957	
Changes in equity share capital	-	-	-	-	2,408	-	-	-	2,408	
Closing balance	2,000	2,000	-	-	-	-	22	(16)	6	
<b>(B) Other equity</b>										
Particulars	Securities premium reserve	General reserve	Treasury shares	Retained earnings	Share based payment	Cash flow hedging reserves	Other items of other comprehensive income	Total other equity		
Balance as at April 01, 2015	969	47	(110)	4,940	134	-	(23)	5,957		
Profit for the year	-	-	-	2,408	-	-	-	-	2,408	
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	22	(16)	6		
Transactions recorded directly in equity	-	-	-	2,408	-	22	(16)	2,414		
Dividends	-	-	-	(200)	-	-	-	(200)		
Dividend distribution tax	-	-	-	(41)	-	-	-	(41)		
Exercise of share options	40	-	-	-	(40)	-	-	-		
Changes in reserve of ESOP Trust	-	-	22	-	-	-	-	22		
Share based payment	-	-	-	-	95	-	-	95		
<b>Balance as at March 31, 2016</b>	<b>1,009</b>	<b>47</b>	<b>(88)</b>	<b>7,107</b>	<b>189</b>	<b>22</b>	<b>(39)</b>	<b>8,247</b>		
Profit for the year	-	-	-	2,873	-	-	-	2,873		
Other comprehensive income, net of tax	-	-	-	-	-	871	(23)	848		
<b>Total comprehensive income for the year</b>	-	-	-	-	-	871	(23)	848		
Transactions recorded directly in equity	-	-	-	2,873	-	871	(23)	3,721		
Exercise of share options	79	-	-	-	(79)	-	-	-		
Changes in reserve of ESOP Trust	-	-	21	-	-	-	-	21		
Share based payment	-	-	-	-	142	-	-	142		
<b>Balance as at March 31, 2017</b>	<b>1,088</b>	<b>47</b>	<b>(67)</b>	<b>9,980</b>	<b>252</b>	<b>893</b>	<b>(62)</b>	<b>12,131</b>		

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**S Sethuraman**

Partner

Membership No.: 203491

Bengaluru

April 27, 2017

for and on behalf of the Board of Directors of Syngene International Limited

**Kiran Mazumdar Shaw**

Managing Director

DIN: 00347229

**M.B. Chinappa**

Chief Financial Officer

Bengaluru

April 27, 2017

**JMM Shaw**

Director

DIN: 00347250

**Mayank Verma**

Company Secretary

ACS Number: 18776

**Jonathan Hunt**

Chief Executive Officer

## Statement of Cash Flows for the year ended March 31, 2017

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
<b>I Cash flows from operating activities</b>		
Profit for the year	2,873	2,408
<u>Adjustments to reconcile profit before tax to net cash flows</u>		
Depreciation and amortisation	1,143	973
Tax expenses	592	402
Provision for doubtful receivables	18	9
Bad debts written off	6	-
Share based payments to employees	142	95
Interest expense	171	13
Unrealised foreign exchange gain	(44)	(100)
Dividend income on current investments	(143)	(60)
Net gain on financial assets measured at fair value through profit or loss	(63)	(2)
Proceeds from insurance company towards loss of tangible assets	159	-
Interest income	(501)	(1)
<b>Operating profit before working capital changes</b>	<b>4,353</b>	<b>3,737</b>
<b>Movements in working capital</b>		
Decrease/ (increase) in inventories	55	7
Decrease/ (increase) in trade receivables	(190)	(110)
Decrease/ (increase) in other assets	(8)	(239)
Increase/ (decrease) in trade payables, other liabilities and provisions	512	87
Cash generated from operations	<b>4,722</b>	<b>3,482</b>
Direct taxes paid (net of refunds)	(745)	(401)
<b>Net cash flow generated from operating activities</b>	<b>3,977</b>	<b>3,081</b>
<b>II Cash flows from investing activities</b>		
Purchase of tangible assets	(2,931)	(2,928)
Purchase of intangible assets	(133)	(18)
Proceeds from sale of tangible assets	-	2
Investment in bank deposits (having original maturity of more than 3 months)	(13,315)	(3,326)
Redemption/ maturity of bank deposits	13,712	-
Dividend received	143	60
Interest received	409	1
Proceeds from sale of current investments	8,175	8,516
Purchase of current investments	(10,751)	(9,819)
<b>Net cash flow used in investing activities</b>	<b>(4,691)</b>	<b>(7,512)</b>
<b>III Cash flows from financing activities</b>		
Proceeds from exercise of share options	21	22
Proceeds from long term borrowings	-	7,074
Proceeds/ (repayments) from short term borrowings, net	(658)	319
Dividend paid on equity shares	-	(200)
Tax on equity dividend paid	-	(41)
Interest paid	(171)	(13)
<b>Net cash flow generated from/ (used in) financing activities</b>	<b>(808)</b>	<b>7,161</b>

## Statement of Cash Flows for the year ended March 31, 2017 (Contd.)

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
IV Net increase/(decrease) in cash and cash equivalents (I+II+III)	(1,522)	2,730
V Effect of exchange difference on cash and cash equivalents held in foreign currency	(6)	(14)
VI Cash and cash equivalents at the beginning of the year	3,873	1,157
VII Cash and cash equivalents at the end of the year (IV+V+VI)	<b>2,345</b>	<b>3,873</b>
Components of cash and cash equivalents as at the end of the year		
Cash on hand	1	-
Balances with banks	2,344	3,873
<b>Total cash and cash equivalents [refer note 8(a)]</b>	<b>2,345</b>	<b>3,873</b>

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

As per our report of even date attached

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

**S Sethuraman**  
Partner  
Membership No.: 203491

Bengaluru  
April 27, 2017

for and on behalf of the Board of Directors of Syngene International Limited

**Kiran Mazumdar Shaw**  
Managing Director  
DIN: 00347229

**M.B. Chinappa**  
Chief Financial Officer

Bengaluru  
April 27, 2017

**JMM Shaw**  
Director  
DIN: 00347250

**Mayank Verma**  
Company Secretary  
ACS Number: 18776

**Jonathan Hunt**  
Chief Executive Officer

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## Notes to the financial Statements for the year ended March 31, 2017

### 1. Company Overview

#### 1.1 Reporting entity

Syngene International Limited ("Syngene" or "the Company"), is engaged in providing contract research and manufacturing services in early stage drug discovery and development to pharmaceutical and biotechnology companies worldwide. Syngene's services include discovery chemistry and biology services, toxicology, pharmaceutical development, process development /manufacture of advanced intermediates, active pharmaceutical ingredients and bio-therapeutics. 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 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'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").

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Company is provided in Note 30.

These 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, March 31, 2017. These financial statements were authorised for issuance by the Company's Board of Directors on April 27, 2017.

Details of the Company's accounting policies are included in Note 2.

##### b) Functional and presentation currency

These 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 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 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 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 financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the 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 2(a) and 28 – Financial instruments;
- Note 2(b) and 2(c) – Useful lives of property, plant and equipment and intangible assets;
- Note 27 – Assets and obligations relating to employee benefits;
- Note 35 – Share based payments; and
- Note 2(k) and 31 – Provision for income taxes and related tax contingencies.

#### 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 March 31, 2018 is included in the following notes:

- Note 28 – impairment of financial assets; and
- Note 16 and 32 – 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 35 – share based payment arrangements; and
- Note 2(a) and 28 – financial instruments.

## 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 or 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 or loss. Any gain or loss on derecognition is recognised in statement of profit or 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 or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or 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 or 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 or 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 or loss. Any gain or loss on derecognition is also recognised in statement of profit or 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 or 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 or 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 or 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 or 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 recognized 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 or 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

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 off).

**c. Intangible assets**

**Internally generated**

Expenditure on research activities is recognised in statement of profit or 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 or 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 amortization 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 or 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.

**d. 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 (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.

**e. 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.

**f. 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 or 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.

**g. 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 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.

**h. 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.

**i. Revenue**

**i. Contract research and manufacturing services income**

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 the significant risks and rewards of ownership of the compounds have passed to the buyer.

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. Dividends**

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

**iii. Interest Income**

Interest income is recognized 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.

**iv. Contribution received from customers towards 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.

**j. 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 presented as a reduction to the carrying amount of the related asset. Grants related to Income are recognized in statement of profit and loss as other operating revenues..

**k. Income taxes**

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit or 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.

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.

**l. 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.

**m. 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.

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

### 3. 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	Total	Capital work- in-progress
<b>Gross carrying amount</b>								
At April 01, 2015	42	1,510	7,529	68	149	13	9,311	1,051
Additions	-	276	1,412	4	34	-	1,726	3,043
Disposals	-	-	8	-	-	2	10	1,726
<b>At March 31, 2016</b>	<b>42</b>	<b>1,786</b>	<b>8,933</b>	<b>72</b>	<b>183</b>	<b>11</b>	<b>11,027</b>	<b>2,368</b>
Additions	555	718	2,568	28	96	6	3,971	3,444
Disposals	-	98	1,743	31	25	2	1,899	4,063
<b>At March 31, 2017</b>	<b>597</b>	<b>2,406</b>	<b>9,758</b>	<b>69</b>	<b>254</b>	<b>15</b>	<b>13,099</b>	<b>1,749</b>
<b>Accumulated depreciation</b>								
At April 01, 2015	-	340	3,822	59	108	6	4,335	-
Depreciation	-	66	873	6	12	-	957	-
Disposals	-	-	6	-	-	2	8	-
<b>At March 31, 2016</b>	<b>-</b>	<b>406</b>	<b>4,689</b>	<b>65</b>	<b>120</b>	<b>4</b>	<b>5,284</b>	<b>-</b>
Depreciation	-	86	991	9	22	3	1,111	-
Disposals	-	36	1,152	31	19	2	1,240	-
<b>At March 31, 2017</b>	<b>-</b>	<b>456</b>	<b>4,528</b>	<b>43</b>	<b>123</b>	<b>5</b>	<b>5,155</b>	<b>-</b>
<b>Net carrying amount</b>								
At April 01, 2015	42	1,170	3,707	9	41	7	4,976	1,051
<b>At March 31, 2016</b>	<b>42</b>	<b>1,380</b>	<b>4,244</b>	<b>7</b>	<b>63</b>	<b>7</b>	<b>5,743</b>	<b>2,368</b>
<b>At March 31, 2017</b>	<b>597</b>	<b>1,950</b>	<b>5,230</b>	<b>26</b>	<b>131</b>	<b>10</b>	<b>7,944</b>	<b>1,749</b>

Notes:

- Land includes land held on lease under perpetual basis: Gross Block ₹ 555 (March 31, 2016 - ₹ Nil).
- Plant and equipment includes computers.
- Buildings with a cost of ₹ 2,272 (March 31, 2016 - ₹ 1,655) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.
- Foreign exchange gain of ₹ 169 (March 31, 2016 - ₹ 8) on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset.
- Additions to property, plant and equipment includes additions related to other expenses & finance costs capitalised during the year amounting to ₹ 37 (March 31, 2016 - ₹ 53).

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(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

#### 4. Intangible assets

	Computer software	Intellectual property right [refer note (a)]	Total
<b>Gross carrying amount</b>			
At April 01, 2015	69	-	69
Additions	18	-	18
Disposals	-	-	-
<b>At March 31, 2016</b>	<b>87</b>	<b>-</b>	<b>87</b>
Additions	13	120	133
Disposals	-	-	-
<b>At March 31, 2017</b>	<b>100</b>	<b>120</b>	<b>220</b>
<b>Accumulated depreciation</b>			
At April 01, 2015	12	-	12
Depreciation	16	-	16
Disposals	-	-	-
<b>At March 31, 2016</b>	<b>28</b>	<b>-</b>	<b>28</b>
Depreciation	18	14	32
Disposals	-	-	-
<b>At March 31, 2017</b>	<b>46</b>	<b>14</b>	<b>60</b>
<b>Net carrying amount</b>			
At April 01, 2015	57	-	57
<b>At March 31, 2016</b>	<b>59</b>	<b>-</b>	<b>59</b>
<b>At March 31, 2017</b>	<b>54</b>	<b>106</b>	<b>160</b>

Note:

- (a) The Company acquired the intellectual property rights in system biology and pharma services practice along with a team of data scientists from Strand Life Sciences Private Limited with effect from August 1, 2016 for a consideration of ₹ 120 paid in cash. The transaction was accounted under Ind AS 103 "Business Combinations" as a business combination with the purchase price being allocated to identifiable assets i.e. Intellectual property right at fair value.

	March 31, 2017	March 31, 2016	April 1, 2015
<b>5. Inventories</b>			
Chemicals, reagents and consumables	139	188	239
Work-in-progress	134	142	119
Finished goods	49	47	26
	<b>322</b>	<b>377</b>	<b>384</b>

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(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	March 31, 2017	March 31, 2016	April 1, 2015
<b>6. Current investments</b>			
Investments In Mutual Funds (unquoted) (Non trade)			
UTI Treasury Advantage Fund - 122,052 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 2,242 each	274	-	-
Reliance Money Manager Fund - 69,072 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 2,243 each	155	-	-
Kotak Treasury Advantage Fund - 7,932,353 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 26 each	207	-	-
HDFC Floating Rate Income Fund - 29,265,060 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 28 each	828	-	-
Franklin India Ultra Short Bond Fund - Super Institutional Plan - 36,646,667 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 22 each	816	-	-
IDFC Ultra Short term Fund - 26,359,631 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 23 each	607	-	-
BIRLA Savings Fund - 2,431,913 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 319 each	775	-	-
ICICI Prudential Flexible Income Fund - 1,947,431 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 311 each	606	-	-
Baroda Pioneer Liquid Fund - Plan A Daily Dividend - Nil units (March 31, 2016: 40,637; April 1, 2015: Nil) of ₹ 1,001 each	-	41	-
Axis Liquid Fund - Daily Dividend - Nil (March 31, 2016: 200,433; April 1, 2015: Nil) units of ₹ 1,000 each	-	201	-
UTI-Treasury Advantage Fund - Daily Dividend Reinvestment - Nil (March 31, 2016: 252,021; April 1, 2015: Nil) units of ₹ 1,002 each	-	253	-
SBI Premier Liquid Fund - Regular Plan - Daily Dividend - Nil (March 31, 2016: 80,487; April 1, 2015: Nil) units of ₹ 1,003 each	-	81	-
Birla Sun Life Savings Fund - Daily Dividend - Regular Plan - 5,303,556 (March 31, 2016: 5,016,970; April 1, 2015: 2,521,502) units of ₹ 100 each	533	503	253
Birla Sun Life Cash Plus - Daily Dividend- Direct Plan - Nil (March 31, 2016: Nil; April 1, 2015: 93,857) units of ₹ 100 each	-	-	10
Birla Sun Life Cash Plus - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 748,871) units of ₹ 100 each	-	-	75
ICICI FMP Series 78 - 95 D Plan K Dividend - Nil (March 31, 2016: 13,003,654; April 1, 2015: Nil) units of ₹ 10 each	-	132	-
ICICI Prudential Flexible Income - Daily Dividend - 5,706,959 (March 31, 2016: 4,689,806; April 1, 2015: 2,391,423) units of ₹ 106 each	603	496	253
ICICI Prudential Liquid - Regular Plan - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 699,774) units of ₹ 100 each	-	-	70
JP Morgan Liquid Fund - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 4,033,108) units of ₹ 10 each	-	-	40
TATA Liquid Fund Plan A - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 82,653) units of ₹ 1115 each	-	-	92
TATA Floater Fund Plan A - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 125,068) units of ₹ 1003 each	-	-	126
HDFC Liquid Fund - Direct Plan - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 1,013,825) units of ₹ 10 each	-	-	10
HDFC Liquid Fund - Regular Plan - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 266,017) units of ₹ 10 each	-	-	3
HDFC liquid fund - Daily Dividend Reinvestment - Nil (March 31, 2016: 171,988; April 1, 2015: Nil) units of ₹ 1,020 each	-	175	-
HDFC Floating Rate Income Fund -Short Term - Dividend Reinvestment - Nil (March 31, 2016: 49,241,163; April 1, 2015: 14,034,587) units of ₹ 10 each	-	496	142
Kotak Liquid Scheme Plan A - Direct Plan - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 18,308) units of ₹ 1,223 each	-	-	22
Kotak Liquid Fund Plan A - Regular Plan - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 99,734) units of ₹ 1,223 each	-	-	122
Reliance Money Manager Fund - Daily Dividend Plan - Nil (March 31, 2016: 151,044; April 1, 2015: Nil) units of ₹ 1,004 each	-	152	-
Reliance Liquid Fund - Regular Plan - Daily Dividend - Nil (March 31, 2016: 154,108; April 1, 2015: 125,892) units of ₹ 1,529 each	-	236	193
Reliance Liquid Fund - Cash Plan - Daily Dividend - Nil units (March 31, 2016: Nil; April 1, 2015: 45,147) units of ₹ 1,114 each	-	-	50
	5,404	2,766	1,461

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	March 31, 2017	March 31, 2016	April 1, 2015
<b>7. Trade receivables</b>			
Unsecured, considered good [refer note 26]	1,987	1,852	1,799
Doubtful	32	14	5
	<b>2,019</b>	<b>1,866</b>	<b>1,804</b>
Less: Allowance for doubtful receivables	(32)	(14)	(5)
	<b>1,987</b>	<b>1,852</b>	<b>1,799</b>
The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 28.			
<b>8. Cash and bank balances</b>			
(a) Cash and cash equivalents			
Cash on hand	1	- *	- *
Balances with banks (in current accounts)	2,344	3,873	1,157
	<b>2,345</b>	<b>3,873</b>	<b>1,157</b>
(b) Bank balances other than above			
Deposits with maturity of less than 12 months	2,928	3,326	-
	<b>2,928</b>	<b>3,326</b>	<b>-</b>
* Less than ₹ 0.5 million.			
<b>9. Other financial assets</b>			
(a) Non-current			
Deposits	33	59	13
	<b>33</b>	<b>59</b>	<b>13</b>
(b) Current			
Unbilled revenues	243	345	189
	<b>243</b>	<b>345</b>	<b>189</b>
<b>10. Deferred tax asset (net)</b>			
Deferred tax asset			
MAT credit entitlement	899	680	514
Derivatives	-	85	120
Employee benefit obligations	58	80	51
Others	15	-	-
	<b>972</b>	<b>845</b>	<b>685</b>
Deferred tax liability			
Derivatives	147	-	-
Property, plant and equipment and intangible assets	158	128	100
Others	30	-	-
	<b>335</b>	<b>128</b>	<b>100</b>
Deferred tax asset (net)	<b>637</b>	<b>717</b>	<b>585</b>
<b>11. Other assets</b>			
(a) Non-current			
Capital advances	21	39	131
Balances with statutory/government authorities	415	284	78
Prepayments	49	6	8
	<b>485</b>	<b>329</b>	<b>217</b>
(b) Current			
Recoverable from insurance company (refer note 36)	592	-	-
Advances other than capital advances	78	101	55
Export incentive receivables	73	-	-
Balances with statutory/government authorities	161	150	234
Prepayments	167	68	49
	<b>1,071</b>	<b>319</b>	<b>338</b>

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	March 31, 2017	March 31, 2016	April 1, 2015
<b>12 (a). Equity share capital</b>			
<b>Authorised</b>			
250,000,000 (March 31, 2016: 250,000,000; April 1, 2015: 250,000,000) equity shares of ₹ 10/- each (March 31, 2016 - ₹ 10 each; April 01, 2015 - ₹ 10 each)	2,500	2,500	2,500
<b>Issued, subscribed and fully paid-up</b>			
200,000,000 (March 31, 2016: 200,000,000; April 1, 2015: 200,000,000) equity shares of ₹ 10/- each (March 31, 2016 - ₹ 10 each; April 01, 2015 - ₹ 10 each)	2,000	2,000	2,000
	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

Equity shares	March 31, 2017		March 31, 2016	
	No.	₹	No.	₹
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

**(b) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 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.

During the year ended March 31, 2017, Interim dividend distributed to equity share holders was ₹ Nil/- (March 31, 2016: ₹ 1/-) per equity share on face value of ₹ 10/- each (March 31, 2016 - ₹10/- each).

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.

**(c) Details of shares held by holding company and their subsidiaries**

	March 31, 2017		March 31, 2016	
	No.	% holding	No.	% holding
<u>Equity Shares of ₹ 10/- each fully paid</u>				
Biocon Limited (holding company)	145,217,843	72.61%	145,217,843	72.61%
Biocon Research Limited (subsidiary of Biocon Limited)	1,866,673	0.93%	1,866,673	0.93%

**(d) Details of shareholders holding more than 5% shares in the Company**

	March 31, 2017		March 31, 2016	
	No.	% holding	No.	% holding
<u>Equity shares of ₹ 10 each fully paid</u>				
Biocon Limited	145,217,843	72.61%	145,217,843	72.61%
Silver Leaf Oak (Mauritius) Limited	14,390,777	7.20%	19,850,000	9.93%

**(e) 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:**

	March 31, 2017	March 31, 2016
Equity shares allotted as fully paid bonus shares by capitalization of surplus in Statement of profit and loss *	41,750,000	41,750,000
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 @	2,166,475	760,781

\* The Company issued fully paid bonus shares of 41,750,000 (Face value: ₹ 5 per share) in ratio of 1:7.260869565 on 28th February 2012 by capitalisation of surplus in statement of profit and loss pursuant to the approval of the shareholders of the Company at the EGM held on 14th December 2011.

# The Company issued fully paid bonus shares of 171,931,136 (Face value: ₹ 10 per share) in ratio of 1:6.1253329 on 27th March 2015 by capitalisation of securities premium pursuant to the approval of the shareholders of the Company at the EGM held on 16th March 2015.

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

@ 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 part consideration was received in form of employee services.

(f) During the year ended March 31, 2016, the Company completed the Initial Public Offering (IPO) through an offer for sale of 22,000,000 equity shares of ₹ 10 each at a price of Rs. 250 per equity share, by Biocon Ltd, the Company's holding company aggregating upto ₹ 5,500 and the equity shares of the Company were listed on the BSE Limited and the National Stock Exchange of India Limited on August 11, 2015.

#### (g) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer to note 35.

## 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.

### Share based payment reserve

The Company has established share based payment plan for certain categories of employees of the Company. Also refer Note 35 for further details on these plans.

### 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

	March 31, 2017	March 31, 2016	April 1, 2015
<b>13. Borrowings</b>			
<b>(a) Non-current borrowings</b>			
Term loans from banks			
Buyers credit loan(secured) [refer note (i) below]	611	624	186
External commercial borrowings(secured) [refer note (ii) below]	6,481	6,628	-
	<b>7,092</b>	<b>7,252</b>	<b>186</b>
Less: Amount disclosed under "other current financial liabilities" [refer note 15]	(194)	-	-
	<b>6,898</b>	<b>7,252</b>	<b>186</b>
<b>(b) Current borrowings</b>			
Term loans from banks			
Pre shipment credit [refer note (iii), (iv) and (v) below]	972	1,658	1,364
	<b>972</b>	<b>1,658</b>	<b>1,364</b>
The above amount includes			
Secured borrowings	7,416	8,910	186
Unsecured borrowings	648	-	1,364
Less: Amount disclosed under "other current financial liabilities" [refer note 15]	(194)	-	-
	<b>7,870</b>	<b>8,910</b>	<b>1,550</b>

#### Notes:

(i) The Company has obtained foreign currency denominated long term secured buyer's credit loans of ₹ 611 (USD 9.41 million) [March 31, 2016 - ₹ 624 (USD 9.41 million)] as of March 31, 2017 from HSBC Bank (Mauritius) Limited that carry interest rate in the range of Libor + 0.60% to Libor + 0.80%. The loan is 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 is secured by a pari passu charge on the current assets and movable fixed assets of the Company with a carrying amount of ₹ 1,636. The loans are repayable at end of 960 days to 1,079 days from the date of its origination.

(ii) (a) The Company has entered into External Commercial Borrowing agreement with The Hongkong and Shanghai Banking Corporation Limited (the Agent), Citibank N.A. and HSBC Bank (Mauritius) Limited (the Lead arrangers) dated March 30, 2016 to borrow ₹ 6,481 (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 Bangalore and Mangalore premises of the Company.

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

(ii) (b) 'Facility A' of ₹ 3,241 (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 ₹ 3,240 (USD \$ 50 million) carries an interest rate of Libor + 1.30% and is repayable in March 2021.

(ii) (c) The facilities provided are secured by first priority pari passu charge on fixed assets and second charge on current assets of the Company with a carrying amount of ₹ 6,700.

(iii) The Company has obtained foreign currency denominated short term secured pre-shipment credit loans of ₹ 324 (USD 5 Million) [March 31, 2016 - Nil] from The Hongkong and Shanghai Banking Corporation Limited that carries interest rate of Libor + 1.42%. The loans are repayable after the end of 6 months from the date of its origination. The facility provided are secured by a pari passu charge on the current assets and movable fixed assets of the Company.

(iv) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of ₹ 648 (USD 10 Million) [March 31, 2016 - Nil] from HDFC Bank Limited that carries interest rate of Libor + 1.42%. The loans are repayable after the end of 6 months from the date of its origination.

(v) The Company had obtained foreign currency denominated short term secured pre-shipment credit loans of ₹ 1,658 (USD 25 Million) as of March 31, 2016 from The Royal Bank of Scotland N. V. that carried interest rate of Libor + 0.10%. The loans were repayable at the end of 6 months from the date of its origination. The facility provided were secured by charge on fixed assets and current assets of the Company.

(vi) Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 28.

	March 31, 2017	March 31, 2016	April 1, 2015
<b>14. Trade payables</b>			
Trade payables			
Total outstanding dues of micro and small enterprises [refer note (a) below]	26	15	5
Total outstanding dues of creditors other than micro and small enterprises [refer note 26]	999	729	687
	<b>1,025</b>	<b>744</b>	<b>692</b>
<b>(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 ("MSMED Act")</b>			
(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	26	15	5
- Interest due on above	0.2	0.8	0.1
(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	15	80	44
(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	0.5	3	1
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	5	4	1
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.			
<b>(b) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 28.</b>			
<b>15. Other financial liabilities</b>			
Current maturities of long term borrowings with banks [refer note 13]	194	-	-
Payable for capital goods	839	184	137
	<b>1,033</b>	<b>184</b>	<b>137</b>



(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
<b>18. Revenue from operations</b>		
Sale of services		
Contract research and manufacturing services income	11,695	10,856
Other operating revenues		
Scrap sales	20	22
Export incentives	85	-
Others [refer note (a) below]	209	192
	<b>12,009</b>	<b>11,070</b>
<b>Note:</b>		
(a) Others include income from support services and release from deferred revenue for assets funded by customers over the useful life.		
<b>19. Other income</b>		
Interest income on:		
Deposits with banks	409	1
Tax refunds	92	-
Dividend income on current investments	143	60
Net gain on financial assets measured at fair value through profit or loss	63	2
	<b>707</b>	<b>63</b>
<b>20. Cost of chemicals, reagents and consumables consumed</b>		
Inventory at the beginning of the year	188	239
Add: Purchases	3,163	3,097
Less: Inventory at the end of the year	(139)	(188)
	<b>3,212</b>	<b>3,148</b>
<b>21. Changes in Inventories of finished goods and work-in-progress</b>		
Inventories at the beginning of the year		
Work-in-progress	142	119
Finished goods	47	26
	<b>189</b>	<b>145</b>
Inventories at the end of the year		
Work-in-progress	134	142
Finished goods	49	47
	<b>183</b>	<b>189</b>
	<b>6</b>	<b>(44)</b>
<b>22. Employee benefits expense</b>		
Salaries, wages and bonus	2,668	2,168
Contribution to provident fund and other funds	114	93
Gratuity expenses (refer note 27)	38	30
Share based payments to employees (refer note 35)	142	95
Staff welfare expenses	124	107
	<b>3,086</b>	<b>2,493</b>
<b>23. Finance costs</b>		
Interest expense	171	13
Bank charges	4	4
Exchange difference to the extent considered as an adjustment to borrowing cost	-	67
	<b>175</b>	<b>84</b>

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Year ended March 31, 2017	Year ended March 31, 2016
<b>24. Depreciation and amortisation expense</b>		
Depreciation of tangible assets [refer note 3]	1,111	957
Amortisation of intangible assets [refer note 4]	32	16
	<u>1,143</u>	<u>973</u>
<b>25. Other expenses</b>		
Rent	57	57
Communication expenses	14	12
Travelling and conveyance	176	118
Professional charges	248	200
Directors' fees	14	13
Payments to auditors [refer note (a) below]	5	5
Power and fuel	304	308
Facility charges	99	105
Insurance	42	25
Rates and taxes	24	10
Repairs and maintenance		
Plant and machinery	188	167
Buildings	106	53
Others	108	75
Selling expenses		
Freight outwards and clearing charges	27	20
Sales promotion expenses	26	22
Commission	10	6
Foreign exchange fluctuation (net)	(229)	179
Provision for doubtful receivables	18	9
Bad debts written off	6	-
Printing and stationery	21	23
Clinical trial expenses	134	80
Contributions towards CSR (refer note 37)	41	31
Miscellaneous expenses	190	151
	<u>1,629</u>	<u>1,669</u>
<b>(a) Payments to auditors [refer note (i) below]:</b>		
As an auditor:		
Statutory audit	2	2
Tax audit	1	1
Limited review	1	1
In other capacity:		
Audit/Limited review fee in relation to IPO	-	6
Other services (certification fees) [refer note (ii) below]	-	1
Reimbursement of expenses [refer note (ii) below]	1	-
Reimbursement of expenses in relation to IPO	-	1
Less: Reimbursed by Biocon Limited [Refer note 26]	-	(7)
	<u>5</u>	<u>5</u>

(i) Includes ₹ 1 (March 31, 2016 - ₹ 5) paid to erstwhile auditors

(ii) Amounts are not presented since the amounts are rounded off to Rupees million.

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

26. Related party transactions

Related parties where control exists and related parties with whom transactions have taken place during the year are listed below :

SI No	Name of the related party	Relationship	Description of transaction	Transaction value for year ended		Balance as at		
				March 31, 2017 Expenses/ (Income)/ Other transactions	March 31, 2016 Expenses/ (Income)/ Other transactions	March 31, 2017 Payable/ (Receivable)	March 31, 2016 Payable/ (Receivable)	April 1, 2015 Payable/ (Receivable)
<b>A. Remuneration paid to key management personnel [refer note (i) below]</b>								
(a)	Peter Bains	Director and Chief Executive Officer	Salary and perquisites	-	44	-	20	4
(b)	Jonathan Hunt	(upto March 31, 2016) Chief Executive Officer	Salary and perquisites	28	8	-	-	-
(c)	M.B. Chinappa	(w.e.f. January 4, 2016) Chief Financial officer	Share based payments	47	12	-	-	-
			Salary and perquisites	31	26	-	-	-
			Share based payments	5	7	-	-	-
(d)	Mayank Verma	Company Secretary	Salary and perquisites	3	2	-	-	-
			Share based payments	- *	- *	-	-	-
<b>B. Others</b>								
(a)	Biocon Limited	Holding Company	Rent expense	47	50	-	-	-
			Power and facility charges [refer note (ii) below]	423	419	-	-	-
			Purchase of goods	4	4	-	-	-
			Other expenses	92	93	-	-	-
			Sale of services	(89)	(107)	-	-	-
			Recovery of expenses incurred towards IPO	-	(45)	-	-	-
			Interim dividend	-	145	-	-	-
			Trade payables	-	-	121	106	136
			Deferred rent liability	-	-	24	23	22
			Rent deposit paid	-	-	(20)	(20)	(2)
			Advance from customers	-	-	-	4	17
			Trade receivables	-	-	(53)	(29)	(28)
			Guarantee given on behalf of Biocon Limited to Customs & Excise Department ('CED')	-	-	(500)	(500)	(500)
			Guarantee given by Biocon Limited to CED on behalf of the Company	-	-	148	148	242

26. Related party transactions (Contd.)

Sl No	Name of the related party	Relationship	Description of transaction	Transaction value for year ended			Balance as at	
				March 31, 2017 Expenses/ (Income)/ Other transactions	March 31, 2016 Expenses/ (Income)/ Other transactions	March 31, 2017 Payable/ (Receivable)	March 31, 2016 Payable/ (Receivable)	April 1, 2015 Payable/ (Receivable)
(b)	Biocon Research Limited	Fellow subsidiary	Sale of services Interim dividend Advance from customers	(4)	(116)	-	-	-
			Trade receivables	-	-	-	6	9
(c)	Biocon SA, Switzerland	Fellow subsidiary	Sale of services	(60)	(34)	(7)	(30)	(20)
			Trade receivables	-	-	-	-	-
(d)	Biocon Biologics Limited, UK	Fellow subsidiary	Sale of services	(127)	-	(61)	(35)	(10)
			Trade receivables	-	-	(81)	-	-
(e)	Biocon Sdn. Bhd., Malaysia	Fellow subsidiary	Sale of services	(38)	-	-	-	-
			Purchase of goods	2	-	-	-	-
			Trade receivables	-	-	(37)	-	-
			Trade payables	-	-	2	-	-
(f)	Biocon Foundation	Trust #	Contribution towards CSR	41	31	-	-	-
(g)	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of services	(2)	(1)	-	-	-
			Trade receivables	-	-	(1)	-*	-*

\* Less than ₹ 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) Effective from October 1, 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 106 (Year ended March 31, 2016 - ₹ 105) and power charges (including other charges) of ₹ 317 (Year ended March 31, 2016 - ₹ 314) have been charged by Biocon Limited for the year ended March 31, 2017.

(iii) Fellow subsidiary companies with whom the Company did not have any transactions -

- NeoBiocon FZ LLC, a subsidiary of Biocon Limited
- Biocon FZ LLC, a subsidiary of Biocon Limited
- Biocon Pharma Limited, a subsidiary of Biocon Limited
- Biocon Pharma Inc, a subsidiary of Biocon Limited
- Biocon Biologics Limited, India - subsidiary of Biocon Limited
- Biocon Academy, a subsidiary of Biocon Limited

(iv) The above disclosures include related parties as per IND-As 24 on "Related Party Disclosures" and Companies Act, 2013.

(v) All transactions with these related parties are priced on an arm's length basis and none of the balances are secured.

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

## 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. 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
<b>Balance as on April 01, 2016</b>	183	(2)	181
Current service cost	24	-	24
Interest cost	14	-	14
<b>Amount recognised in Statement of profit and loss</b>	<b>38</b>	<b>-</b>	<b>38</b>
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	- *	-
Actuarial (gain) / loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	9	-	9
Experience adjustment	19	-	19
<b>Amount recognised in other comprehensive income</b>	<b>28</b>	<b>-</b>	<b>28</b>
Benefits paid	(8)	-	(8)
<b>Balance as at March 31, 2017</b>	<b>241</b>	<b>(2)</b>	<b>239</b>

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) liability
<b>Balance as on April 01, 2015</b>	140	(8)	132
Current service cost	19	-	19
Interest cost	11	-	11
<b>Amount recognised in Statement of profit and loss</b>	<b>30</b>	<b>-</b>	<b>30</b>
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	- *	-
Actuarial (gain) / loss arising from:			
Financial assumptions	4	-	4
Experience adjustment	15	-	15
Amount recognised in other comprehensive income	19	-	19
Benefits paid	(6)	6	-
<b>Balance as at March 31, 2016</b>	<b>183</b>	<b>(2)</b>	<b>181</b>

\* Less than ₹ 0.5 million.

	March 31, 2017	March 31, 2016	April 1, 2015
Non current	199	181	132
Current	40	-	-
	<b>239</b>	<b>181</b>	<b>132</b>

The nature of assets allocation of the plan assets is in debt based mutual funds of high credit rating.

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

(ii) The significant assumptions used for gratuity valuation are as below:

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	6.7%	7.5%	7.9%
Expected return on plan assets	6.7%	7.5%	7.9%
Salary increase	9.0%	9.0%	9.0%
Attrition rate (based on Age of the Employee)	7% - 26%	7% - 26%	7% - 26%
Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.			

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

	March 31, 2017		March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate	(11)	13	(8)	9
Salary increase	12	(11)	9	(8)
Attrition rate	(2)	2	(1)	1

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 March 31, 2017 and March 31, 2016, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending March 31, 2018, is approximately ₹ 40 (March 31, 2017 - ₹ Nil).

Maturity profile of defined benefit obligation

Particulars	₹ Millions
1st Following year	40
2nd Following year	34
3rd Following year	29
4th Following year	25
5th Following year	21
Years 6 to 10	90

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(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

## 28. Financial instruments: Fair value and risk managements

### A. Accounting classification and fair values

March 31, 2017	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amortised Cost		Level 1	Level 2	Level 3	
<b>Financial assets</b>								
Derivative assets (non-current)	-	1,056	-	1,056	-	1,056	-	1,056
Other financial assets (non-current)	-	-	33	33	-	-	-	-
Investments	5,404	-	-	5,404	5,404	-	-	5,404
Trade receivables	-	-	1,987	1,987	-	-	-	-
Cash and cash equivalents	-	-	2,345	2,345	-	-	-	-
Bank balances other than above	-	-	2,928	2,928	-	-	-	-
Derivative assets (current)	71	860	-	931	-	931	-	931
Other financial assets (current)	-	-	243	243	-	-	-	-
	<b>5,475</b>	<b>1,916</b>	<b>7,536</b>	<b>14,927</b>	<b>5,404</b>	<b>1,987</b>	-	<b>7,391</b>
<b>Financial liabilities</b>								
Borrowings (non-current)	-	-	6,898	6,898	-	-	-	-
Borrowings (current)	-	-	972	972	-	-	-	-
Trade payables	-	-	1,025	1,025	-	-	-	-
Other financial liabilities (current)	-	-	1,033	1,033	-	-	-	-
	-	-	<b>9,928</b>	<b>9,928</b>	-	-	-	-
<b>March 31, 2016</b>								
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Derivative assets (non-current)	39	559	-	598	-	598	-	598
Other financial assets (non-current)	-	-	59	59	-	-	-	-
Investments	2,766	-	-	2,766	2,766	-	-	2,766
Trade receivables	-	-	1,852	1,852	-	-	-	-
Cash and cash equivalents	-	-	3,873	3,873	-	-	-	-
Bank balances other than above	-	-	3,326	3,326	-	-	-	-
Derivative assets (current)	283	206	-	489	-	489	-	489
Other financial assets (current)	-	-	345	345	-	-	-	-
	<b>3,088</b>	<b>765</b>	<b>9,455</b>	<b>13,308</b>	<b>2,766</b>	<b>1,087</b>	-	<b>3,853</b>
<b>Financial liabilities</b>								
Borrowings (non-current)	-	-	7,252	7,252	-	-	-	-
Borrowings (current)	-	-	1,658	1,658	-	-	-	-
Trade payables	-	-	744	744	-	-	-	-
Other financial liabilities (current)	-	-	184	184	-	-	-	-
	-	-	<b>9,838</b>	<b>9,838</b>	-	-	-	-
<b>April 01, 2015</b>								
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Derivative assets (non-current)	271	578	-	849	-	849	-	849
Other financial assets (non-current)	-	-	13	13	-	-	-	-
Investments	1,461	-	-	1,461	1,461	-	-	1,461
Trade receivables	-	-	1,799	1,799	-	-	-	-
Cash and cash equivalents	-	-	1,157	1,157	-	-	-	-
Derivative assets (current)	132	75	-	207	-	207	-	207
Other financial assets (current)	-	-	189	189	-	-	-	-
	<b>1,864</b>	<b>653</b>	<b>3,158</b>	<b>5,675</b>	<b>1,461</b>	<b>1,056</b>	-	<b>2,517</b>
<b>Financial liabilities</b>								
Borrowings (non-current)	-	-	186	186	-	-	-	-
Borrowings (current)	-	-	1,364	1,364	-	-	-	-
Trade payables	-	-	692	692	-	-	-	-
Other financial liabilities (current)	-	-	137	137	-	-	-	-
	-	-	<b>2,379</b>	<b>2,379</b>	-	-	-	-

## 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	March 31, 2017 Profit or (loss)		March 31, 2016 Profit or (loss)	
	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(190)	191	(168)	183
Interest rates (100 bps movement)	(165)	165	-	-

## 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 from its financing activities, including deposits with banks and financial institutions 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 amounting to ₹ 1,987 (March 31, 2016: ₹ 1,852, April 01, 2015: ₹ 1,799). The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for Impairment	March 31, 2017	March 31, 2016
Opening balance	14	5
Impairment loss recognised	18	9
Closing balance	32	14

Receivable from one customer of the Company's trade receivables is ₹ 222 [March 31, 2016 - ₹ 492(two customers)] which is more than 10 percent of the Company's total trade receivables.

Credit risk on cash and cash equivalent is limited as the Company generally invest 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.

### (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 March 31, 2017:

Particulars	Less than 1 year	1 - 2 years	2 - 5 years	5 - 7 years	Total
Borrowings (non-current)	194	1,226	5,672	-	7,092
Borrowings (current)	972	-	-	-	972
Trade payables	1,025	-	-	-	1,025
Other financial liabilities	839	-	-	-	839
<b>Total</b>	<b>3,030</b>	<b>1,226</b>	<b>5,672</b>	<b>-</b>	<b>9,928</b>

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2016:

Particulars	Less than 1 year	1 - 2 years	2 - 5 years	5 - 7 years	Total
Borrowings (non-current)	-	198	7,054	-	7,252
Borrowings (current)	1,658	-	-	-	1,658
Trade payables	744	-	-	-	744
Other financial liabilities	184	-	-	-	184
<b>Total</b>	<b>2,586</b>	<b>198</b>	<b>7,054</b>	<b>-</b>	<b>9,838</b>

#### (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 March 31, 2017 and March 31, 2016 are as below:

March 31, 2017	USD	EUR	Others	Total
<b>Financial assets</b>				
Trade receivables	1,711	40	12	1,763
Cash and cash equivalents	368	-	-	368
Other financial assets (current)	200	23	-	223
<b>Financial liabilities</b>				
Borrowings (non-current)	(6,898)	-	-	(6,898)
Borrowings (current)	(972)	-	-	(972)
Trade payables	(209)	(22)	(42)	(273)
Other financial liabilities (current)	(685)	(70)	(6)	(761)
<b>Net assets / (liabilities)</b>	<b>(6,485)</b>	<b>(29)</b>	<b>(36)</b>	<b>(6,550)</b>

March 31, 2016	USD	EUR	Others	Total
<b>Financial assets</b>				
Trade receivables	1,570	173	-	1,743
Cash and cash equivalents	478	-	-	478
Other financial assets (current)	274	32	-	306
<b>Financial liabilities</b>				
Borrowings (non-current)	(7,252)	-	-	(7,252)
Borrowings (current)	(1,658)	-	-	(1,658)
Trade payables	(107)	(15)	(3)	(125)
Other financial liabilities (current)	(35)	(8)	(12)	(55)
<b>Net assets / (liabilities)</b>	<b>(6,730)</b>	<b>182</b>	<b>(15)</b>	<b>(6,563)</b>

#### Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments from foreign exchange forward/option contracts designated as cash flow hedges.

Particulars	Impact on profit or loss		Impact on other components of equity	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>USD Sensitivity</b>				
INR/USD - Increase by 1%	(72)	(119)	(420)	(238)
INR/USD - Decrease by 1%	72	124	421	253
<b>EUR Sensitivity</b>				
INR/EUR - Increase by 1%	- *	3	- *	3
INR/EUR - Decrease by 1%	- *	(3)	- *	(3)

\* Less than ₹ 0.5 million.

#### Derivative financial instruments

The following table gives details in respect of outstanding foreign exchange forward and option contracts:

Particulars	March 31, 2017	March 31, 2016
Foreign exchange forward contracts to buy	USD 30 (INR 1,946)	USD 9 (INR 616)
European style option contracts with periodical maturity dates	USD 276 (INR 17,859)	USD 327 (INR 21,678)

#### 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 March 31, 2017 and March 31, 2016 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	March 31, 2017	March 31, 2016	April 01, 2015
Variable rate borrowings	3,203	8,910	1,550
Fixed rate borrowings	4,861	-	-
<b>Total borrowings</b>	<b>8,064</b>	<b>8,910</b>	<b>1,550</b>

##### (b) Sensitivity

The Company policy is to maintain most of its 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.

## 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/buy back of equity shares will be balanced with efforts to continue to maintain an adequate liquidity status.

The capital structure as of March 31, 2017 and 2016 was as follows:

Particulars	March 31, 2017	March 31, 2016
Total equity attributable to the equity shareholders of the Company	14,131	10,247
As a percentage of total capital	64%	53%
Long-term borrowings	7,092	7,252
Short-term borrowings	972	1,658
<b>Total borrowings</b>	<b>8,064</b>	<b>8,910</b>
As a percentage of total capital	36%	47%
<b>Total capital (Equity and Borrowings)</b>	<b>22,195</b>	<b>19,157</b>

### 30. First-time adoption of Ind AS

These financial statements have been prepared in accordance with the Ind AS. For the purpose of transition from previous GAAP to Ind AS, the Company has followed the guidance prescribed under Ind AS 101 – First time adoption of Indian Accounting Standards ("Ind AS 101"), with effect from April 01, 2015 ("transition date").

In preparing its Ind AS balance sheet as at April 1, 2015 and in presenting the comparative information for the year ended March 31, 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains how the transition from previous GAAP to Ind AS has affected the Company's balance sheet and financial performance.

#### Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned mandatory exceptions.

#### Mandatory exemptions availed

##### (1) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

##### (2) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

##### (3) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, Financial Instruments, at the date of transition. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as on the date of transition are reflected as hedges in the financial statements under Ind AS.

#### Reconciliations

The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101 – First-time adoption of Ind AS.

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(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

Reconciliation of equity as at April 01, 2015	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4,976	-	4,976
Capital work-in-progress	1,051	-	1,051
Intangible assets	57	-	57
Financial assets			
Derivative assets	1,131	(282)	849
Other financial assets	13	-	13
Deferred tax assets (net)	464	121	585
Income tax assets (net)	399	-	399
Other non-current assets	217	-	217
<b>Total non-current assets</b>	<b>8,308</b>	<b>(161)</b>	<b>8,147</b>
<b>Current assets</b>			
Inventories	384	-	384
Financial assets			
Investments	1,460	1	1,461
Trade receivables	1,799	-	1,799
Cash and cash equivalents	1,157	-	1,157
Derivative assets	531	(324)	207
Other financial assets	189	-	189
Other current assets	338	-	338
<b>Total current assets</b>	<b>5,858</b>	<b>(323)</b>	<b>5,535</b>
<b>Total assets</b>	<b>14,166</b>	<b>(484)</b>	<b>13,682</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	1,991	9	2,000
Other equity	6,458	(501)	5,957
<b>Total equity</b>	<b>8,449</b>	<b>(492)</b>	<b>7,957</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	186	-	186
Provisions	132	-	132
Other non-current liabilities	647	8	655
<b>Total non-current liabilities</b>	<b>965</b>	<b>8</b>	<b>973</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	1,364	-	1,364
Trade payables	692	-	692
Other financial liabilities	137	-	137
Provisions	63	-	63
Income tax liabilities (net)	31	-	31
Other current liabilities	2,465	-	2,465
<b>Total current liabilities</b>	<b>4,752</b>	<b>-</b>	<b>4,752</b>
<b>Total equity and liabilities</b>	<b>14,166</b>	<b>(484)</b>	<b>13,682</b>

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

Reconciliation of equity as at March 31, 2016	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5,743	-	5,743
Capital work-in-progress	2,368	-	2,368
Intangible assets	59	-	59
Financial assets			
Derivative assets	818	(220)	598
Other financial assets	59	-	59
Deferred tax assets (net)	632	85	717
Income tax assets (net)	335	-	335
Other non-current assets	329	-	329
<b>Total non-current assets</b>	<b>10,343</b>	<b>(135)</b>	<b>10,208</b>
<b>Current assets</b>			
Inventories	377	-	377
Financial assets			
Investments	2,764	2	2,766
Trade receivables	1,852	-	1,852
Cash and cash equivalents	3,873	-	3,873
Bank balances other than above	3,326	-	3,326
Derivative assets	628	(139)	489
Other financial assets	345	-	345
Other current assets	319	-	319
<b>Total current assets</b>	<b>13,484</b>	<b>(137)</b>	<b>13,347</b>
<b>Total assets</b>	<b>23,827</b>	<b>(272)</b>	<b>23,555</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	1,992	8	2,000
Other equity	8,536	(289)	8,247
<b>Total equity</b>	<b>10,528</b>	<b>(281)</b>	<b>10,247</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	7,252	-	7,252
Provisions	181	-	181
Other non-current liabilities	526	9	535
<b>Total non-current liabilities</b>	<b>7,959</b>	<b>9</b>	<b>7,968</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	1,658	-	1,658
Trade payables	744	-	744
Other financial liabilities	184	-	184
Provisions	75	-	75
Income tax liabilities (net)	99	-	99
Other current liabilities	2,580	-	2,580
<b>Total current liabilities</b>	<b>5,340</b>	<b>-</b>	<b>5,340</b>
<b>Total equity and liabilities</b>	<b>23,827</b>	<b>(272)</b>	<b>23,555</b>

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

Reconciliation of Statement of profit and loss for the year ended March 31, 2016

	Previous GAAP	Adjustments	Ind AS
<b>Income</b>			
Revenue from operations	11,070	-	11,070
Other income	61	2	63
<b>Total income</b>	<b>11,131</b>	<b>2</b>	<b>11,133</b>
<b>Expenses</b>			
Cost of chemicals, reagents and consumables consumed	3,148	-	3,148
Changes in inventories of finished goods and work-in-progress	(44)	-	(44)
Employee benefits expense	2,503	(10)	2,493
Finance costs	84	-	84
Depreciation and amortisation expense	973	-	973
Other expenses	1,885	(216)	1,669
<b>Total expenses</b>	<b>8,549</b>	<b>(226)</b>	<b>8,323</b>
<b>Profit before tax</b>	<b>2,582</b>	<b>228</b>	<b>2,810</b>
<b>Tax expense</b>			
Current tax	537	-	537
Less: MAT credit entitlement	(166)	-	(166)
Deferred tax		32	31
<b>Total tax expense</b>	<b>370</b>	<b>32</b>	<b>402</b>
<b>Profit for the year</b>	<b>2,212</b>	<b>196</b>	<b>2,408</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) of defined benefit plans	-	(19)	(19)
Income tax effect	-	3	3
Items that will be reclassified subsequently to profit or loss			
Fair value changes on cash flow hedges	-	28	28
Income tax effect	-	(6)	(6)
	-	6	6
<b>Total comprehensive income</b>	<b>2,212</b>	<b>202</b>	<b>2,414</b>

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(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

A Reconciliation of total equity as at March 31, 2016 and April 01, 2015

	March 31, 2016	April 01, 2015
Equity under previous GAAP attributable to shareholders of the Company	10,528	8,449
<b>Adjustments:</b>		
Impact of derivative accounting	(358)	(606)
Other adjustments	(7)	(7)
Income tax impact of above adjustments	84	121
<b>Total adjustments</b>	<b>(281)</b>	<b>(492)</b>
Equity under Ind AS attributable to shareholders of the Company	<b>10,247</b>	<b>7,957</b>

B Reconciliation of the net profit for the year ended March 31, 2016

	Note	March 31, 2016
Net profit reconciliation		
Net Profit attributable to shareholders of the Company as per previous GAAP [A]		2,212
<b>Adjustments:</b>		
Impact of derivative accounting	(i)	220
Other adjustments	(ii)	11
Income tax impact of above adjustments and corrections for earlier years	(iii)	(35)
<b>Total adjustments [B]</b>		<b>196</b>
Profit for the year [C= A+B]		2,408
Other comprehensive income (OCI):		
Impact of derivative accounting	(i)	22
Actuarial loss on defined benefit obligations – Gratuity	(iv)	(16)
Sub-total [D]		6
Total Comprehensive income for the year [C + D]		2,414

Notes to reconciliation:

(i) Impact due to derivative accounting in accordance with Ind AS 109.

(ii) Other adjustments on account of Employee benefit expenses (Share based payments, Actuarial gains/losses), Mark to market adjustments on Mutual funds and rent straight lining for land lease arrangements.

(iii) Represents income tax impact of Ind AS adjustments.

(iv) Actuarial loss on defined benefit obligations (gratuity) taken to other comprehensive income under Ind AS as compared to statement of profit and loss under previous GAAP.

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(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

### 31. Tax expense

	March 31, 2017	March 31, 2016
(a) Amount recognised in Statement of profit and loss		
Current tax	710	537
Less: MAT credit entitlement	(219)	(166)
Deferred tax expense related to:		
Origination and reversal of temporary differences	101	31
Tax expense for the year	592	402
Reconciliation of effective tax rate		
Profit before tax	3,465	2,810
Tax at statutory income tax rate 34.61% (March 31, 2016 - 34.61%)	1,199	973
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
Exempt income	(49)	(21)
Tax incentive	(549)	(464)
Additional deduction on investment allowance	(109)	(63)
Non-deductible expense	49	17
Basis difference that will reverse during the tax holiday period	(22)	(3)
Others	73	(37)
<b>Income tax expense</b>	<b>592</b>	<b>402</b>

#### (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 March 31, 2017	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
<b>Deferred tax asset</b>				
MAT credit entitlement	680	219	-	899
Derivatives	85	(29)	(56)	-
Employee benefit obligations	80	(27)	5	58
Others	-	15	-	15
<b>Gross deferred tax assets</b>	<b>845</b>	<b>178</b>	<b>(51)</b>	<b>972</b>
<b>Deferred tax liability</b>				
Derivatives	-	-	147	147
Property, plant and equipment and intangible assets	128	30	-	158
Others	-	30	-	30
<b>Gross deferred tax liability</b>	<b>128</b>	<b>60</b>	<b>147</b>	<b>335</b>
<b>Deferred tax asset / (liabilities), net</b>	<b>717</b>	<b>118</b>	<b>(198)</b>	<b>637</b>

For the year ended March 31, 2016	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
<b>Deferred tax asset</b>				
MAT credit entitlement	514	166	-	680
Derivatives	120	(29)	(6)	85
Employee benefit obligations	51	26	3	80
	685	163	(3)	845
<b>Deferred tax liability</b>				
Property, plant and equipment and intangible assets	100	28	-	128
	100	28	-	128
<b>Deferred tax asset / (liabilities), net</b>	<b>585</b>	<b>135</b>	<b>(3)</b>	<b>717</b>

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	March 31, 2017	March 31, 2016
<b>32. Contingent liabilities and commitments</b>		
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	1,882	1,660
The above includes:		
(I) Income tax matters	1,857	1,586
(II) Service tax matters	23	72
(III) Sales tax matters	2	2
(b) Guarantees		
(I) Corporate guarantees given in favour of the Central Excise Department (CED) in respect of certain performance obligations of Biocon Limited (Holding Company)	500	500
(II) Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	2	29
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	654	677
(b) Operating lease commitments (Company is a lessee)		
(I) Vehicles		
The Company has taken vehicles for certain employees under operating leases, which expire over a period ranging upto 2020. Gross rental expenses for the year aggregate to Rs 5 ( March 31, 2016 - Rs 2).		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	6	3
Later than one year and not later than five years	13	6

### 33. Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had SBNs or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of SBN held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	0.2	1.3	1.5
(+) Permitted receipts	-	1.2	1.2
(-) Permitted payments	-	(2.1)	(2.1)
(-) Amount deposited in Banks	(0.2)	-	(0.2)
Closing cash in hand as on December 30, 2016	-	0.4	0.4

For the purposes of this clause, the term 'Specified Bank Notes' has the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

### 34. 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, segment revenue has been based on the geographic location of the customers and segment assets which have been based on the geographical location of the assets.

	Year ended March 31, 2017	Year ended March 31, 2016
Contract research and manufacturing services income		
India	602	490
United States of America	8,170	7,873
Rest of the World	3,237	2,707
<b>Total</b>	<b>12,009</b>	<b>11,070</b>

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

The following is the carrying amount of non current assets by geographical area in which the assets are located:

Carrying amount of non-current assets

	March 31, 2017	March 31, 2016	April 1, 2015
India	10,781	8,834	6,700
Outside India	-	-	-
<b>Total</b>	<b>10,781</b>	<b>8,834</b>	<b>6,700</b>

Note: Non-current assets excludes financial assets and deferred tax assets.

Major customer

Revenue from one customer of the Company's Contract research and manufacturing services segment is ₹ 3,372 (March 31, 2016 - ₹ 3,174) which is more than 10 percent of the Company's total revenue.

### 35. Share based payments to employees

#### Syngene ESOP Plan

On July 20, 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 October 31, 2012 the Trust subscribed 6,680,000 equity shares (Face Value of ₹ 10 per share) of the Company using the proceeds from interest free loan of ₹ 150 obtained from the Company, adjusted for the consolidation of shares and bonus issue. As at March 31, 2017, the Trust holds 4,513,525 (March 31, 2016: 5,919,219; April 1, 2015 - 6,680,000) equity shares of face value of ₹ 10/- each, adjusted for the consolidation of shares and bonus issue. As at March 31, 2017, the Trust transferred 2,166,475 (March 31, 2016 - 760,781) 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 ₹ 22.50 per share (Face Value of ₹ 10 per share).

#### Details of Grant

Particulars	March 31, 2017 No. of options	March 31, 2016 No. of options
Outstanding at the beginning of the year	4,942,835	5,057,100
Granted during the year	166,000	930,583
Forfeited during the year	68,684	284,067
Exercised during the year	1,405,694	760,781
Outstanding at the end of the year	3,634,457	4,942,835
Exercisable at the end of the year	668,492	434,494
Weighted average exercise price	22.5	22.5
Weighted average fair value of shares granted during the year under Black Scholes Model (In ₹)	485.1	372.0
Weighted average share price at the date of exercise (In ₹)	509.4	367.2

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2017 is 1.36 years [March 31, 2016 - 2.96 years].

Assumptions used in determination of the fair value of the stock options under the Black Scholes Model are as follows:

Particulars	March 31, 2017	March 31, 2016
Dividend yield (%)	0.3%	0.3%
Exercise Price (In Rs)	22.5	22.5
Volatility	34.2%	29.1%
Life of the options granted (vesting and exercise period) [in years]	6.15	5.69
Average risk-free interest rate	6.7%	7.5%

### 36. Exceptional item

Pursuant to a fire incident on 12 December 2016, certain fixed assets, inventory and other contents in one of the buildings was damaged. The Company lodged an initial estimate of loss with the insurance company and the survey is currently ongoing. During the year ended 31 March 2017, the Company has written off the net book value of assets aggregating to ₹ 795 million and recognised a minimum Insurance claim receivable for an equivalent amount. During the current year, the Company has received an initial disbursement of ₹ 200 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 claim for Business Interruption and has accordingly not recorded any claim arising therefrom at this stage.

### 37. 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.

	March 31, 2017	March 31, 2016
(a) Amount required to be spent by the Company during the year	41	31
(b) Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	41	31

	March 31, 2017	March 31, 2016
<b>38. Earnings per share (EPS)</b>		
Earnings		
Profit for the year	3,721	2,414
Shares		
Basic outstanding shares	200,000,000	200,000,000
Less: Weighted average shares held with the ESOP Trust	(4,659,952)	(5,587,340)
<b>Weighted average shares used for computing basic EPS</b>	<b>195,340,048</b>	<b>194,412,660</b>
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	2,115,356	3,097,355
<b>Weighted average shares used for computing diluted EPS</b>	<b>197,455,404</b>	<b>197,510,015</b>
Earnings per share		
Basic (in ₹)	14.71	12.38
Diluted (in ₹)	14.55	12.19

### 39. Events after reporting period

On April 27, 2017, the Board of Directors of the Company has recommended a final dividend of ₹ 1/- per equity share on face value of ₹ 10/- each. The recommended 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.

for B S R & Co. LLP  
Chartered Accountants  
Firm Registration Number: 101248W/W-100022

**S Sethuraman**  
Partner  
Membership No.: 203491

Bengaluru  
April 27, 2017

for and on behalf of the Board of Directors of Syngene International Limited

**Kiran Mazumdar Shaw**  
Managing Director  
DIN: 00347229

**M.B. Chinappa**  
Chief Financial Officer

Bengaluru  
April 27, 2017

**JMM Shaw**  
Director  
DIN: 00347250

**Mayank Verma**  
Company Secretary  
ACS Number: 18776

**Jonathan Hunt**  
Chief Executive Officer

# Notice

Notice is hereby given that the 24th Annual General Meeting (AGM) of Syngene International Limited will be held on Friday, July 28, 2017, at 2:00 P.M. at Tyler Jacks Auditorium, Biocon Research Centre, Biocon Special Economic Zone, Bommasandra Industrial Area, Jigani Link Road, Bengaluru 560 099, to transact the following businesses set out below:

## Ordinary Business:

### Item No 1: Adoption of financial statements

To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2017, the Reports of the Board of Directors and Auditors thereon.

### Item No 2: Declaration of Dividend

To declare a final dividend of ₹ 1 per equity share for the financial year ended March 31, 2017.

### Item No 3: Appointment of Prof. Catherine Rosenberg as director liable to retire by rotation

To appoint Prof. Catherine Rosenberg (DIN: 06422834) who retires by rotation and being eligible, offers herself for re-appointment.

### Item No 4: Ratification for appointment of Statutory Auditors and fixing their remuneration

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Audit and Auditors) Rules, 2014 ("Rules") (including any statutory modification or re-enactment thereof, for the time being in force), the Shareholders hereby ratifies the appointment of M/s. B S R & Co. LLP, Chartered Accountants bearing Registration Number 101248W/W-100022, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting to be held in 2018 at such remuneration as may be decided by the Board of Directors in consultation with the Audit and Risk Committee.

## Special Business:

### Item No 5: To appoint Dr. Vijay Kuchroo (DIN: 07071727) as an Independent Director of the Company.

To consider, and if thought fit, to pass with or without modification(s) the following as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with schedule IV to the Companies Act 2013, Dr. Vijay Kuchroo (DIN: 07071727), who was appointed by the Board of Directors as an Additional Director of the Company with effect from March 1, 2017 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") being eligible, be and is hereby appointment as Independent Director, not liable to retire by rotation, for a tenure of three years commencing from the date of Board's appointment till the conclusion of 27th Annual General Meeting to be held in 2020.

**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 Dr. Vijay Kuchroo (DIN: 07071727) as an Independent Director on the Board of the Company."

### Item No 6: To appoint Russell Walls (DIN: 03528496) 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 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with schedule IV to the Companies Act 2013, Russell Walls (DIN: 03528496), be and is hereby re-appointed as an Independent Director, not liable to retire by rotation, for a tenure of three years commencing from the date of shareholders approval till the conclusion of 27th Annual General Meeting to be held in 2020;

**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 Russell Walls (DIN: 03528496) as an Independent Director on the Board of the Company."

**Item No 7: To appoint Jonathan Hunt (DIN: 07774619) as a Whole-time Director of the Company.**

To consider, and if thought fit, to pass with or without modification(s) the following as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Jonathan Hunt (DIN: 07774619) who was appointed by the Board of Directors as an Additional Director with effect from May 1, 2017 and who holds office up to the date of this Annual General Meeting of the Company be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of sections 196, 197 & 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V to the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), the relevant provisions of the Articles of Association of the Company and all applicable rules, regulations and guidelines issued by any Statutory Authority and subject to such other approvals, as may be necessary, approval of the shareholders be and is hereby accorded to an appointment of Jonathan Hunt (DIN: 07774619) as a Whole-time Director of the Company, not liable to retire by rotation, for a period of five years commencing from May 1, 2017 on such terms and conditions including remuneration as mentioned below:

**I. Period of Appointment:**

For a period of five years commencing from May 1, 2017.

**II. Remuneration:**

• **Annual Base Pay:**

Indian rupee equivalent to GBP 345,600 per annum including all allowances as per the salary structure of the Company. Additionally, performance linked increment shall be payable at the discretion of the Board of Directors based on the recommendation of Nomination and Remuneration Committee.

• **Variable Pay:**

Payment of variable pay linked to the achievement of targets as may be decided by Nomination & Remuneration Committee and approved by the Board.

• **Long-term Incentives / Employee Stock Option Plan:**

As per the Company policy and as may be decided by the Board on the recommendation of Nomination and Remuneration Committee.

**III. Perquisites:**

• **Conveyance & Petrol/ Maintenance Allowance:**

A Company provided car with driver during stay in India. All costs to be borne by the Company.

• **Travel and Stay expenses:**

While your primary place of residence is United Kingdom, you will be required to undertake such travel as deemed necessary to fulfill obligations of your work to India and/or any other place. The cost of travel, boarding, lodging and other reasonable incidental expenses incurred during such travel shall be borne by the Company.

• **Mobile/Telephone/Internet/Home Office Expenses**

Reimbursement of Mobile, Telephone & Internet charges on actual basis.

• **Personal Accident Insurance Coverage:**

As per the Company policy

• **Medicclaim/ Life Assurance/Death in Service/ Critical Illness cover:**

Healthcare, Dental Cover and Life Assurance/ Death in Service/ Critical Illness cover. The annual premium for the same not exceeding GBP 7000 shall be borne by the Company.

• **Leave eligibility and leave encashment:**

Leave eligibility and leave encashment as applicable to all employees of the Company, from time to time.

• **Any other allowances, benefits and perquisites:**

Any other allowances, benefits and perquisites as per the rules applicable to the Senior Executives of the Company and / or which may become applicable in the future and / or any other allowances, benefits and perquisites as approved by

the Board.

**IV. Overall Remuneration:** The aggregate of salary and perquisites as specified above or paid additionally in accordance with the rules of the Company in any financial year, which the Board in its absolute discretion may deemed fit and pay to Jonathan Hunt from time-to-time, shall not exceed the limits prescribed under Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, as may for the time being in force. Jonathan Hunt being in full time employment of the Company shall not be eligible for any sitting fees for attending Board and Committee meetings of the Company.

**RESOLVED FURTHER THAT** Board on the recommendation of Nomination and Remuneration Committee, be and is hereby authorised to alter and vary the terms and conditions of appointment including remuneration, but such remuneration shall not exceed the limits specified in Companies Act, 2013.

**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 Jonathan Hunt (DIN: 07774619) as a Whole-time Director on the Board of the Company."

By Order of the Board of Directors  
For **Syngene International Limited**

**Mayank Verma**  
Company Secretary

Date: April 27, 2017  
Place: Bengaluru

**Registered Office:**

Biocon Special Economic Zone,  
Bommasandra Industrial Area,  
IV Phase, Jigani Link Road,  
Bengaluru – 560 099  
CIN: L51909KA1993PLC014937  
Website: www.syngeneintl.com

**Notes:**

1. A shareholder entitled to attend and vote at the Annual General Meeting 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. Pursuant to provisions of section 105 of the Companies Act, 2013 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.

3. 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.
4. 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.
5. 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 Annual General Meeting, 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.
6. 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.
7. 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.
8. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the register of Contracts and Arrangements in which directors are interested, maintained under section 189 of the Companies Act,

- 2013 will be available for inspection by the shareholders at the meeting.
10. 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 R & T Agents i.e. 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.
  11. 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 Computershare Private Ltd. (Unit: SYNGENE ), Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 or the Secretarial Department of the Company.
  12. 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 Agents, Karvy Computershare Private Ltd. (Unit: Syngene International Ltd.), 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) and who have not registered their email addressed so far with their depository participants are requested to registered their email address with their depository participants for receiving all the communications including annual report, notices etc., in electronic mode from the Company.
  14. 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 M/s Karvy Computershare Private Limited for receiving all the communications including annual report, notices etc., in electronic mode from the Company.
  15. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration Rules), 2014, and Regulation 36 of SEBI (LODR) Regulation, 2015, companies can serve Annual Reports 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.
  16. Copies of Notice, Annual report are being sent by electronic mode to those shareholders whose email ids are available with our R&T agents, 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.
  17. Shareholders may note that the Notice of 24th Annual General Meeting Notice, Annual Report, attendance slip, proxy form and e-voting instructions are also available on the Company's website i.e. [www.syngeneintl.com](http://www.syngeneintl.com).
  18. The shareholders whose name appears in the Register of Shareholders as on the record date of July 21, 2017 will be eligible for final dividend for the financial year ended March 31, 2017.
  19. The dividend as recommended by the Board, if declared at this meeting, will be paid within the period of 30 days from the date of declaration, to those shareholders whose name appears in the Register of Shareholders as on the record date. However, the dividend pay-out date is Thursday, August 3, 2017.
  20. Shareholders are requested to note that as per Section 124(5) of the Companies Act, 2013, 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 Companies Act, 2013.
  21. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company is pleased to provide the facility of remote e-voting to all shareholders as per the 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 28, 2017.

22. Company has fixed the cut-off date i.e. July 21, 2017 for determining the eligibility of shareholders entitled to vote at the Annual General Meeting and facility for remote e-voting shall remain open for a period of 3 days commencing from July 25, 2017 to July 27, 2017 (both days inclusive).
23. Company has appointed V Sreedharan, Company Secretary in Practice, as Scrutinizer for carry out the e-voting and voting by poll at the Annual General Meeting.
24. 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 (08:15 am to 5:15 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
25. Pursuant to Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, Directors seeking Appointment/Re-appointment at the Annual General Meeting of the Company to be held on July 28, 2017 is furnished as annexure to this Notice. The Directors have furnished consent/declarations for their appointment/re-appointment as required under Companies Act, 2013 and rules made thereunder.

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## Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

### **Item No. 5: Appointment of Dr. Vijay Kuchroo (DIN: 07071727) as an Independent Director of the Company.**

The Board has approved the appointment Dr. Vijay Kuchroo as an Additional Director (Independent) effective from March 1, 2017, for a tenure of three years commencing from the date of Board's appointment till the conclusion of 27th Annual General Meeting proposed to be held in 2020, subject to the approval of shareholders of the Company.

The Company has received a notice in writing under section 160 of the Companies Act from a shareholder along with the requisite deposit of ₹ 100,000/-, proposing the candidature and appointment of Dr. Vijay Kuchroo as an Independent Director, not liable to retire by rotation, under section 149 of the Companies Act, 2013.

The Company has received from Dr. Vijay Kuchroo (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 Companies Act, 2013 and the Listing Regulation 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 appointment of Dr. Vijay Kuchroo as an Independent Director of the Company for a term of three

years commencing from March 1, 2017 till the conclusion of 27th Annual General Meeting proposed to be held in 2020. Dr. Vijay Kuchroo is not liable to retire by rotation.

The profile and specific areas of expertise of Dr. Vijay Kuchroo is provided in annexure to this notice.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of 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 Annual General Meeting.

No Director, Key Managerial Personnel or their relatives are interested or concerned in the resolution.

The Board recommends the resolution set forth in item no. 5 of the Notice for approval of the shareholders .

### **Item No. 6: Re-appointment of Russell Walls (DIN: 03528496) as an Independent Director of the Company.**

The shareholders at its 21st Annual General meeting held on July 23, 2014 had approved the appointment Russell Walls as an Independent Director, for a tenure of three years commencing from the date of Board's approval till the conclusion of 24th Annual General Meeting proposed to be held in the year 2017.

The Board at its meeting held on April 27, 2017, has re-appointed Russell Walls as an Independent Director on the Board of the Company for another period of three years commencing from the conclusion of this Annual General Meeting till the conclusion of 27th Annual General Meeting proposed to be held in 2020, subject to the approval of shareholders of the Company. Russell Walls is not liable to

retire by rotation.

In the opinion of the Board, he fulfils the conditions for appointment as Independent Director, as specified in the Companies Act, 2013 and the Listing Regulation 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 Russell Walls as an Independent Director of the Company for a term of three years commencing from the conclusion of this Annual General Meeting till the conclusion of 27th Annual General Meeting proposed to be held in 2020. Russell Walls is not liable to retire by rotation.

The profile and specific areas of expertise of Russell Walls is provided in annexure to this notice.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of 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 Annual General Meeting.

No Director, Key Managerial Personnel or their relatives are interested or concerned in the resolution.

The Board recommends the resolution set forth in item no. 6 of the Notice for approval of the shareholders.

#### **Item No. 7: Appointment of Jonathan Hunt (DIN: 07774619) as a Whole-time Director of the Company.**

Jonathan Hunt, joined Syngene as Designate Chief Executive Officer of the Company effective January 4, 2016 and thereafter he has been elevated as Chief Executive Officer of the Company with effect from April 1, 2016.

Pursuant to the recommendation of the Nomination and Remuneration Committee, Board at its meeting held on April 27, 2017, has appointed Jonathan Hunt, Chief Executive Officer as a Whole-time Director of the Company for a period of five years commencing from May 1, 2017, and not liable to retire by rotation, subject to shareholders approval at the Annual General Meeting.

The Company has received a notice in writing under section 160 of the Companies Act from a shareholder along with the requisite deposit of ₹ 100,000/-, proposing the candidature and appointment of Jonathan Hunt as a Whole-time Director, not liable to retire by rotation, under section 196, 197 and 203 of the Companies Act, 2013.

The Company has received from Jonathan Hunt (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 the Companies Act.

The resolution seeks the approval of the shareholders in terms of Section 196, 197, 203 and other applicable provisions of the Act, read with Schedule V of the Act and the Rules made thereunder, for appointment of Jonathan Hunt as a Whole-time Director of the Company for a term of five years commencing from May 1, 2017, and not liable to retire by rotation.

The profile and specific areas of expertise of Jonathan Hunt is provided in annexure to this notice.

No Director, Key Managerial Personnel or their relatives are interested or concerned in the resolution.

The Board recommends the resolution set forth in item no. 7 of the Notice for approval of the shareholders .

## 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

### Brief resume of Directors:

#### Dr. Vijay Kuchroo

Dr. Vijay K Kuchroo, 61 years, is the Samuel L. Wasserstrom Professor of Neurology at Harvard Medical School, Senior Scientist at Brigham and Women's Hospital and Co-Director of the Center for Infection and Immunity, Brigham Research Institutes, Boston. He is also an Associate Shareholder of the Broad Institute and a participant in a Klarman Cell Observatory project that focuses on T cell differentiation. He is also the Director of the newly formed Evergrande Centre for Immunologic Diseases at Harvard Medical School and Brigham and Women's Hospital.

To his credit, Dr. Kuchroo first described the inhibitory receptor TIM-3, which is being exploited as a target for cancer immunotherapy. He was the first to describe the development of highly pathogenic Th17 cells, which has been shown to induce multiple different autoimmune diseases in humans. He has published over 325 original research papers in the field of Immunology and a paper describing development of Th17 authored by him has been one of the highest cited papers in Immunology. In addition, he has 25 patents and has founded 5 different biotech companies including CoStim Pharmaceuticals and Tempero Pharmaceuticals.

He is also an Independent, Non-Executive Director on the Board of Biocon Limited. He also serves on the scientific

advisory Boards and works in advisory capacity to a number of big pharmaceutical companies including Pfizer, Novartis and Glaxo-Smith-Kline (GSK).

#### Russell Walls

Russell Walls, 73 years, is a Non-Executive, Independent Director of our Company. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom and brings to the Board his experience of more than 45 years in the field of finance. He possesses experience as director across a range of industries such as insurance, pharmaceuticals, textiles, transport and leisure. He is currently the Chairperson of Aviva life holdings UK Limited and also on the board of Biocon Limited, Aviva life holdings Limited, Mytrah Energy Limited, Aviva Italia Holdings Spa, Signet Jewellers Limited etc. He has been a director of our Company since April 2011.

#### Jonathan Hunt

Jonathan Hunt, 48 years, holds a BA (Business Studies & Economics) degree from the University of Sheffield, United Kingdom and has done his MBA from Durham University, United Kingdom. He is responsible for leading Syngene's business operations as well as steering its investments in developing and strengthening its capabilities and capacities. He has more than 25 years of extensive experience in the global biopharmaceuticals industry. Prior to joining Syngene in January 2015, he worked with AstraZeneca for over a decade where he has held various leadership positions including President & Director of AstraZeneca, Austria and President & COO, AstraZeneca India.

Name of the Director	Dr. Vijay Kuchroo	Russell Walls	Jonathan Hunt
Category	Independent Director	Independent Director	Whole-time Director
DIN	07071727	03528496	07774619
Date of Birth	June 5, 1955	February 22, 1944	February 5, 1969
Date of Appointment	March 1, 2017	April 27, 2011	May 1, 2017
Tenure of Appointment/Re-appointment	Three years	Three years	Five years
Nature of expertise in specific functional areas	Scientist	Financial Expert	Management Professional
Disclosure of relationship with Directors inter-se	None	None	None
Directorship held in other Listed Companies	Biocon Limited	Biocon Limited	None
Membership of Committee in other Companies, if any	None	Refer Corporate Governance report	None
Shareholding as on March 31, 2017	25,000	25,000	Nil

## 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, the Company is providing e-voting facility through Karvy Computershare 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. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
    - 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](mailto:sree@sreedharancs.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com) and [mayank.verma@syngeneintl.com](mailto: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 5:00 pm on July 27, 2017.
  - (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 Annual General Meeting. We have made 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, Partner of M/s. V. Sreedharan & Associates, Company Secretaries, Bengaluru (FCS 2347; C.P. No. 833) 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 Chairperson of the Company or a person authorised by him in writing who shall countersign the same.
- V. The Chairperson 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](http://www.syngeneintl.com) and on the website of Karvy [www.karvy.com](http://www.karvy.com) immediately after the result declared by the chairperson or any other person authorised by the chairperson.

#### 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 Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at [evoting@karvy.com](mailto: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 Tuesday, July 25, 2017 (9:00 A.M. IST) and ends on Thursday, July 27, 2017 (5:00 P.M. IST). 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 21, 2017, 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 21, 2017.
- 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 21, 2017, 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

#### Example for NSDL:

MYEPWD <SPACE> IN12345612345678

#### Example for CDSL:

MYEPWD <SPACE> 1402345612345678

#### Example for Physical:

MYEPWD <SPACE> XXXX1234567890

- ii. 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.
- iii. Member may call Karvy's toll free number 1800-3454-001.
- iv. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com). However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

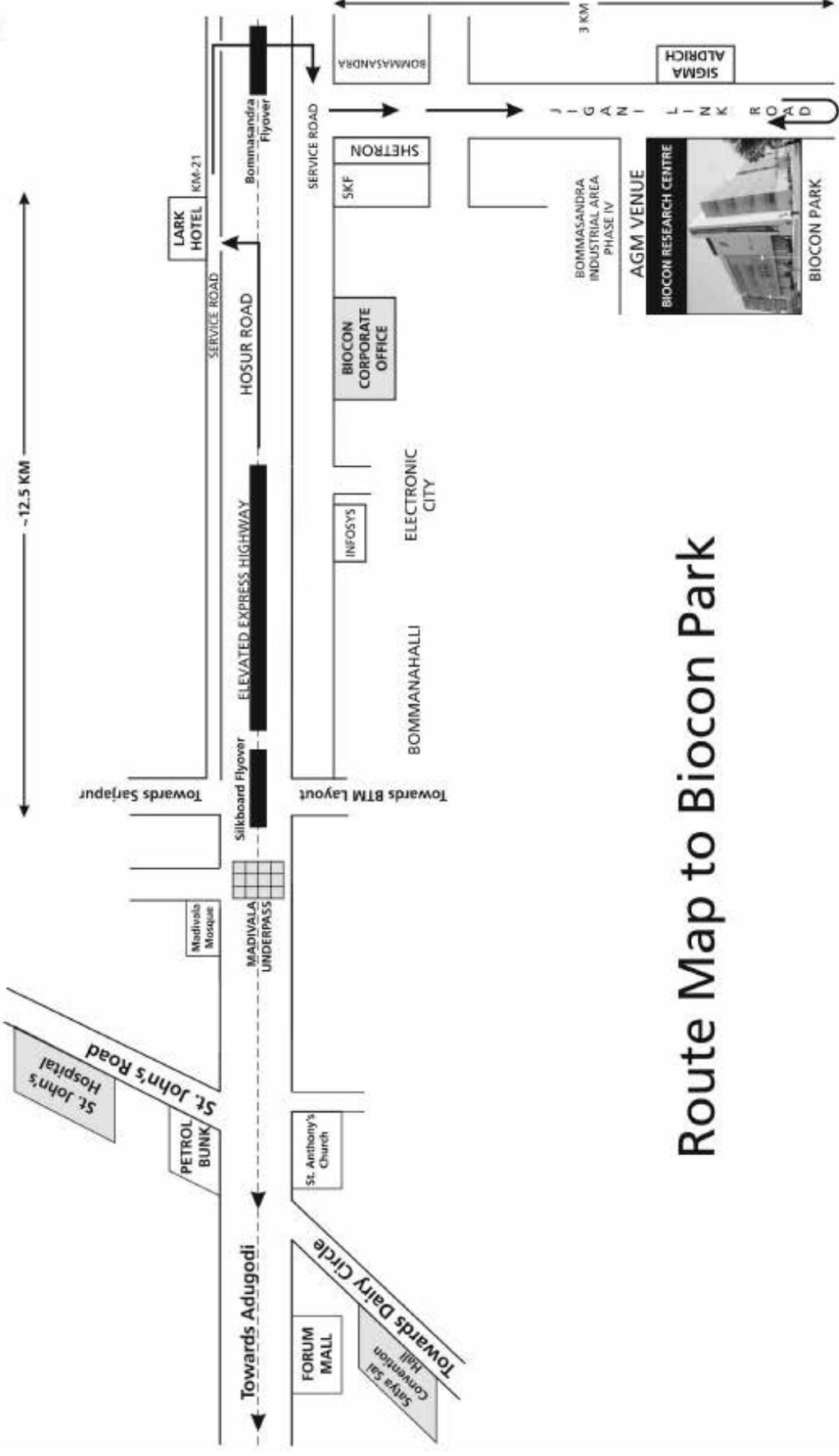
#### Attendance registration procedure at the AGM venue is as follows:

- a) Shareholders are requested to tender their attendance slips at the registration counters at the AGM venue and seek registration before entering the meeting hall.
- b) Alternatively, to facilitate smooth registration/entry, the Company has provided a web-check in facility through Karvy's website. This will enable the shareholders to register attendance online in advance and generate Attendance Slip without going through the registration formalities at the registration counters.
- c) The Web Check-in (i.e. Online Registration facility) is available during e-voting period only i.e., Tuesday, July 25, 2017 (9:00 A.M. IST) and ends on Thursday, July 27, 2017 (5:00 P.M. IST).

#### Web Check-in procedure is as follows:

- a) Log on to <https://karisma.karvy.com> and click on "Web Check-in for General Meetings"
- b) Select the name of the Company: Syngene International Limited
- c) 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.
- d) The system will validate the credentials. Then click on the "Generate my attendance slip" button that appears on the screen.
- e) 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.
- f) The Members are requested to carry their valid photo identity along with the above attendance slip for verification purpose.

Not to Scale



# Route Map to Biocon Park

**Syngene International Limited**

CIN: L51909KA1993PLC014937

Regd. Office: Biocon Park SEZ, Bommasandra Industrial Area, IV Phase,  
Jigani Link Road, Bengaluru – 560 099, Email- mayank.verma@syngeneintl.com

Website: www.syngeneintl.com; Phone: 080 – 6775 5000

**Form No. MGT-11**

**Proxy Form**

**24th 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 Park SEZ, Bommasandra Industrial Area,  
Phase IV, Jigani Link Road, Bengaluru 560 099

Date & Time : July 28, 2017 at 2:00 PM

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 24th Annual General Meeting of the Company to be held on July 28, 2017 at 2:00 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
<b>Ordinary Business</b>			
1	Adoption of financial statements		
2	Declaration of Dividend		
3	Appointment of Prof. Catherine Rosenberg as director liable to retire by rotation		
4	Ratification for appointment of Statutory Auditors and fixing their remuneration		
<b>Special Business</b>			
5	Appointment of Dr. Vijay Kuchroo as an Independent Director		
6	Re-appointment of Russell Walls as an Independent Director		
7	Appointment of Jonathan Hunt as a Whole-time Director for a period of five years.		

Signature (s) of Shareholder(s)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_



Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
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 26, 2017 at 2.00 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: L51909KA1993PLC014937

Regd. Office: Biocon Park SEZ, Bommasandra Industrial Area, IV Phase,  
Jigani Link Road, Bengaluru – 560 099, Email- mayank.verma@syngeneintl.com  
Website: www.syngeneintl.com; Phone: 080 – 6775 5000

**Attendance Slip**

**24th Annual General Meeting**

 Venue of the meeting : Tyler Jacks Auditorium, Biocon Research Centre,  
Biocon Park SEZ, Bommasandra Industrial Area, Phase IV Jigani Link Road,  
Bengaluru 560 099  
Date & Time : July 28, 2017 at 2:00 PM

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 24th Annual General Meeting of the Company held on July 28, 2017 at 2:00 PM at Tyler Jacks Auditorium, Biocon Research Centre, Biocon Park SEZ, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru 560 099.

\_\_\_\_\_  
Name of the shareholder/proxy  
(In BLOCK letters)

\_\_\_\_\_  
Signature of shareholder/proxy

**Note:**

- 
1. Electronic copy of the Annual Report for 2016-17 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/Depository 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 2016-17 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.



#### **Forward-Looking Statement**

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance. The market data used in the various chapters are based on several published reports and internal company assessment.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

# *Syngene*

Syngene International Limited

Biocon Park, Plot No. 2 & 3

Bommasandra Industrial Area - Phase-IV

Bommasandra-Jigani Link Road,

Bengaluru 560 099, India