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Ref: Syn/CS/SE/AGM 2020/2020-21/31

June 29, 2020

To, The Manager Listing BSE 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: Notice of 27<sup>th</sup> Annual General Meeting (“AGM”) and Annual Report for FY 2019-20**

We wish to inform you that the 27<sup>th</sup> AGM of the Company will be held on Wednesday, July 22, 2020 at 4:00 P.M. IST through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”).

In this regard and in compliance of Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find attached the Notice of the 27<sup>th</sup> AGM of the Company and the Annual Report for FY20, which is being circulated to the shareholders through electronic mode.

The Notice of the 27<sup>th</sup> AGM and the Annual Report for FY 2019-20 are also available on the Company’s website at <https://www.syngeneintl.com/investor-relations/latest-report-filings>.

Further, pursuant to Regulation 42 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, Company has fixed Wednesday, July 15, 2020, as the cut-off date for determining the list of members who are eligible to participate and vote at the AGM.



Information at a glance: -

<b>Particulars</b>	<b>Details</b>
Date and time of AGM	Wednesday, July 22, 2020 at 4:00 P.M.(IST)
Mode	Video Conferencing / Other Audio-Visual Means
Participation through video- conferencing	<a href="https://emeetings.kfintech.com">https://emeetings.kfintech.com</a>
Cut-off date for e-voting	July 15, 2020
E-voting start date and time	Friday, July 17, 2020 (9:00 hours)(IST)
E-voting end date and time	Tuesday, July 21, 2020 (17:00 hours)(IST)
E-voting website	<a href="https://evoting.karvy.com/">https://evoting.karvy.com/</a>

Request you to kindly take this intimation on record.

Yours faithfully,

For **SYNGENE INTERNATIONAL LIMITED**

\_\_\_\_\_  
Priyadarshini Mahapatra  
**Company Secretary and Compliance Officer**

**Enclosed: Notice of 27<sup>th</sup> AGM and Annual Report for FY 2019-20**



## Integrated Innovation

# Syngene at a glance



**>360**

active clients



**8**

collaborations with the top ten pharmaceutical companies



Rs. **20,935** Mn

revenue for FY20



**>4,200**

scientists



**90%**

employees in the 25-40 year age bracket



Rs. **3,662** Mn

PAT for FY20



**1.9** Mn sq. ft.

of R&D and manufacturing infrastructure



**400+**

Patents held with clients



Rs. **31,541** Mn

capex investment

At the core of our operations is the quest to apply cutting-edge scientific research to the many complex challenges of industry, and human and animal health. Over the last 25 years, like the honeycomb structure, we have incrementally expanded our scientific expertise enabling us to offer integrated services across the discovery, development and manufacturing spectrum. We believe it is this integrated approach that drives innovation and helps us develop value-added solutions to complex scientific challenges. Today, we partner with a global clientele covering a range of industries from pharmaceuticals to biotechnology, agriculture to animal health, cosmetics to nutrition and others. As the world extends the frontiers of science, we are committed to adding new layers of expertise that will further drive integrated innovation.



The cover page represents a hexagonal honeycomb structure which symbolises integration, innovation, sustainability and flexibility; attributes that define Syngene.

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please visit:  
[www.syngeneintl.com](http://www.syngeneintl.com)

# Our Impact Manifesto



At Syngene, we aim to make a contribution to the evolution of scientific research using our skills, technology and experience to find solutions to the world's most complex challenges.

By providing access to the latest technology and highly trained scientists, underpinned by our values of integrity, excellence and professionalism, our aim is to be a trusted partner for clients seeking to explore the boundaries of science at affordable cost.

Our services span the value chain from discovery to the clinic. Beyond the science, our strengths lie in our relentless pursuit of operational excellence; flexible business models; investment in data integrity; and passion for quality.

We are proud to have partnerships that are deeply founded and nurtured over the years, delivering a level of commitment and understanding that drives innovation and scientific advances, thus linking our success to that of our clients and the people and patients they serve.

## Our Aims

### Capability Additions

- Continuously adopt new technologies to improve efficiency while lowering the overall cost of discovery and development
- Increase the integration between services in Discovery to reduce project timelines and deepen our involvement in client projects
- Continue development of our Biologics capabilities to keep pace with the evolving science and technology
- Build our expertise in advanced technologies such as sophisticated immuno-oncology assays and CAR-T design for researching next-generation therapies
- Extend the process knowledge gained in the development stages of R&D to advise clients about potential manufacturing requirements over the long term

### Capacity Expansion

- Continuous investment in technology and infrastructure to deliver leading edge science and meet the demands of blue chip clients
- Boost our commercial-scale manufacturing capacity for small molecules by completing the construction and commissioning of our API manufacturing plant at Mangaluru
- Invest in expanding our biologics manufacturing capacity

### Partnering for Success

- As a trusted partner, accelerate innovation and deliver integrated solutions with great efficiency at world-class levels of quality and service
- Boosting the R&D productivity of our clients through scientific excellence and an integrated end-to-end research, development and manufacturing approach

# Integrated Innovation



At Syngene, our core capabilities are highly effective problem-solving and scientific innovation, allied to a clear commitment to safety, quality and operating excellence. We take an integrated approach to the disciplines of discovery, development and manufacturing to ensure project delivery on time, to quality, every time - all with a single-minded commitment to turning clients' ideas into meaningful innovation.

**Jonathan Hunt**  
Managing Director &  
Chief Executive Officer

**We harness the power of science and technology to deliver integrated innovation with pace and efficiency across a diverse range of scientific domains.**

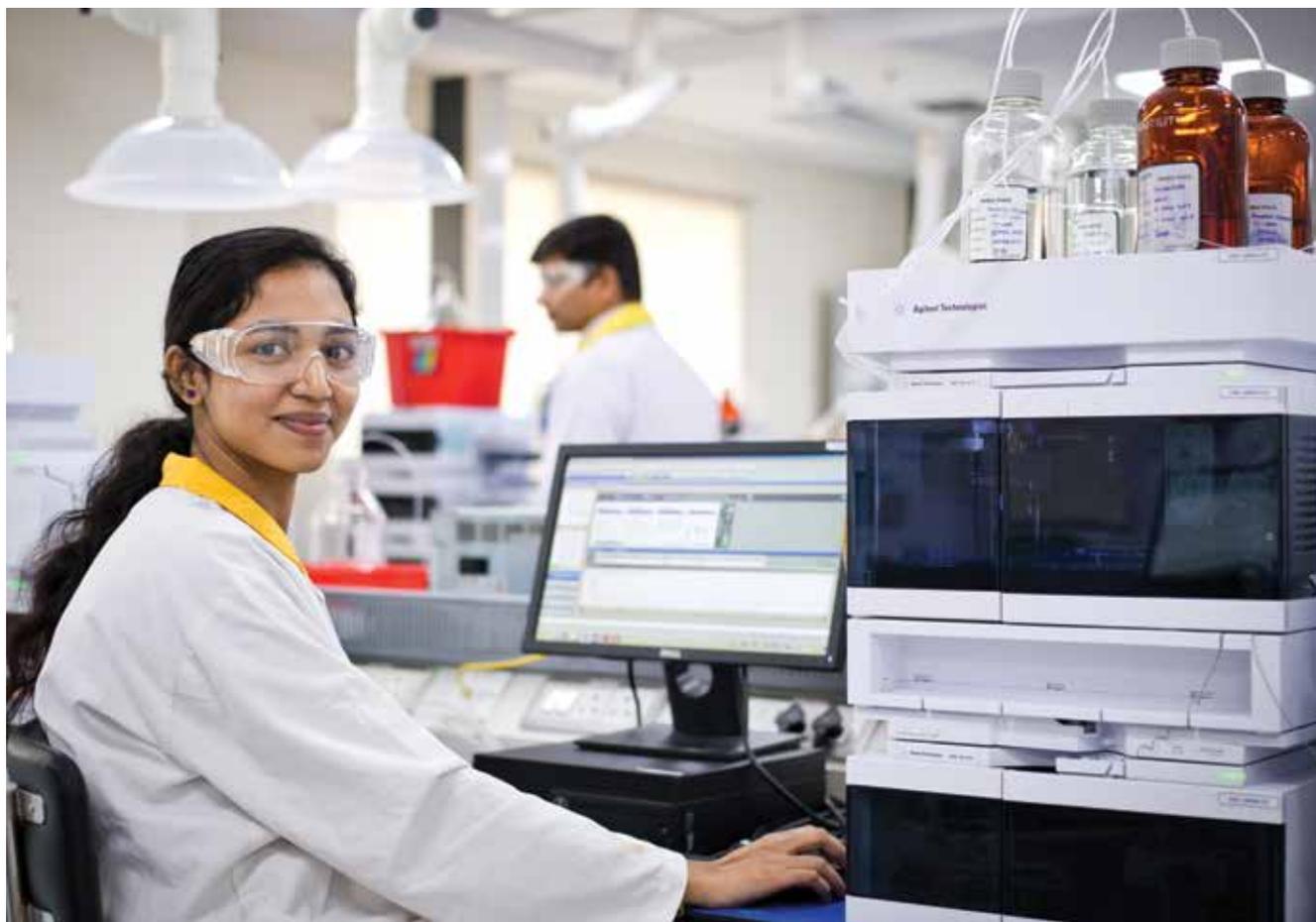


Through seamless and customised services in discovery, development and manufacturing of novel molecules - both large and small, we offer clients an end-to-end solution tailored to meet their R&D requirements. In addition to strong scientific expertise and world-class infrastructure, other factors such as an experienced leadership team, track record of quality and compliance, focus on safety, robust supply chain and strong talent pool help create a vibrant ecosystem that fosters integrated innovation. Our approach enables us to forge client relationships that move beyond the traditional service outsourcing model into true end-to-end collaborations, expediting innovation with efficiency across the continuum.

As companies – from small start-ups to large global organisations – increasingly turn to external partnerships to drive innovation and R&D productivity, the demand to fulfil the complete R&D lifecycle using a single service provider

is growing due to its inherent advantages: a single trusted supplier to manage all process steps; a flexible resource to accommodate rapid scale-up or wind-down as needed; end-to-end project management and tighter project delivery timelines; and affordable costs. This approach allows some clients to transform the fixed cost of R&D operations into a variable cost and for others, often smaller companies and start-ups, it provides a formula that removes the burden of substantial capital investment.

At Syngene, we know that trust is a critical success factor in every relationship. Guided by our values of Excellence, Integrity and Professionalism, we recognise that trust is built incrementally project-by-project and we pride ourselves on the many deep, long-term client relationships that underpin our business and demonstrate the value of the work we do.



# About the Company

## Who we are

Syngene International Limited is an integrated research, development and manufacturing organisation providing scientific services – from early discovery to commercial supply. Our innovative capabilities for novel molecular entities (“NMEs”) cater to a wide range of industrial sectors, including pharmaceutical, biotechnology, nutrition, animal health, consumer goods and speciality chemical companies. Our innovative culture is driven by the expertise of our highly qualified team of 5,000 employees and supported by state-of-the-art infrastructure and market-leading technology.

## What we do

Syngene works with clients from around the world to find solutions to their research, development and manufacturing challenges for small and large molecules while improving

productivity, speeding up time-to-market and lowering the cost of innovation. Our comprehensive services have enabled us to establish collaborations with the market leaders across the sectors we cater to. We also have partnerships with smaller and virtual companies, non-profit institutions, academic centres and start-ups, among others.

## Where we are located

The Company is headquartered in Bengaluru, India. A wholly-owned overseas subsidiary, Syngene USA Inc., has been incorporated in the United States, along with appointment of regional business development representatives in the US, Ireland and India, to strengthen global collaborations. Our laboratories are in Bengaluru and Hyderabad and our manufacturing is based in Bengaluru and Mangaluru.



**Our vision**

To be a world-class partner delivering innovative scientific solutions

**Our values**



**Integrity**

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



**Excellence**

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



**Professionalism**

To practice the highest degree of professionalism by fostering individual accountability, reliability, continuous improvement and customer focus.

Our values provide a framework for how we operate and engage as individuals with our clients, business partners, colleagues and communities. In addition, our commitment to employees and other stakeholders is to give the highest priority to quality and safety as key elements of our corporate culture, reflecting our goal to work safely and be a trusted partner to all our stakeholders.



# About the Company

## Our partnership commitment

### Clients

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

### Employees

- Ensure a safe work environment for all
- Provide opportunities to work in, and with, high-performance teams
- Offer personal development in scientific, managerial and leadership skills to foster professional growth

## Society and environment

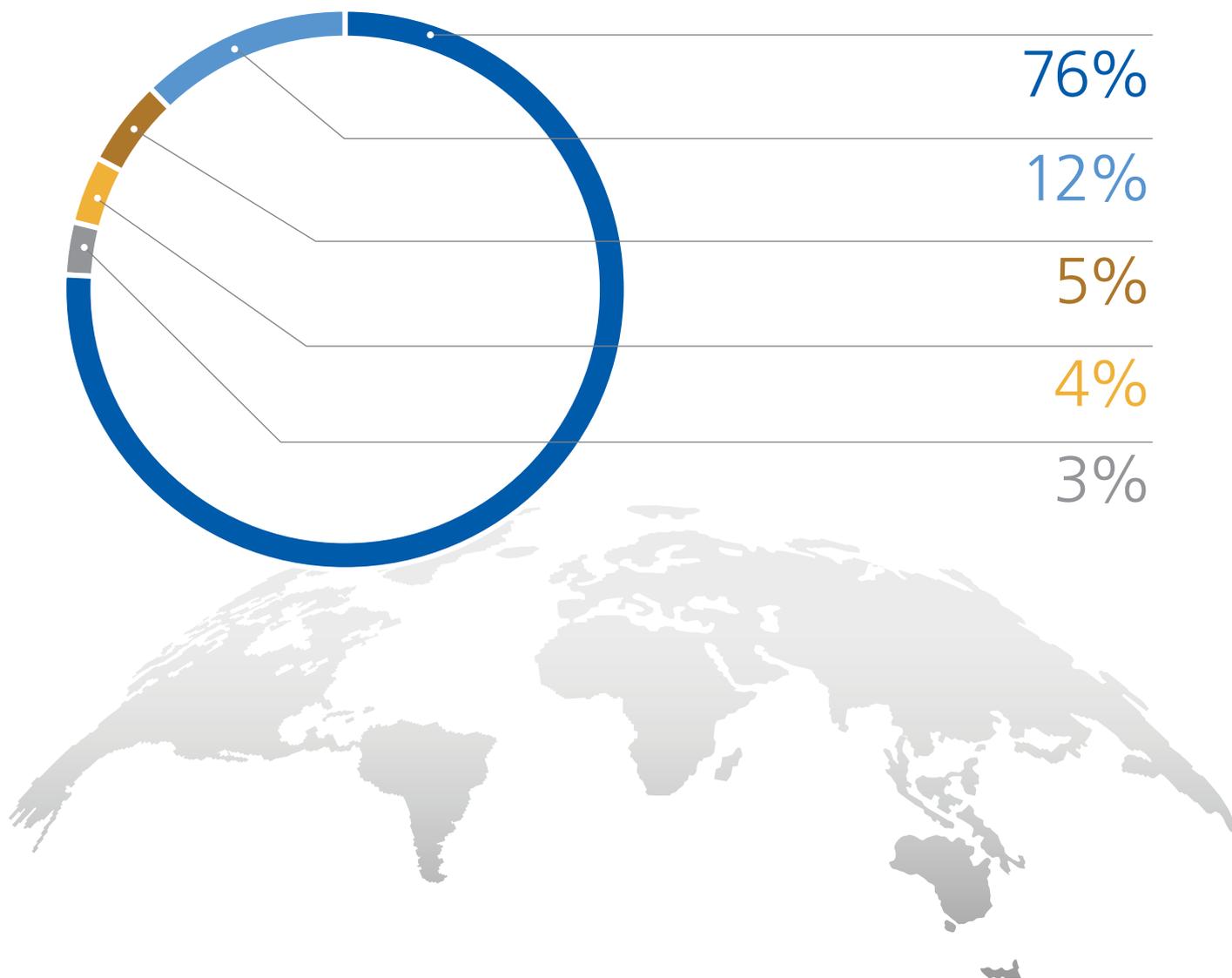
- Safeguard the environment by reducing our environmental footprint and producing safe products
- Support community health and environmental programmes

## Patients, physicians and care providers

- Maintain high standards of ethics and integrity in all the work that we do
- Deliver timely, innovative, science, at pace, and with efficiency to enable products to reach patients quickly and safely



Our client footprint



■ US ■ Europe ■ Japan ■ India ■ Rest of the World

# About the Company

## Our business divisions

### DISCOVERY SERVICES

#### Solutions

Conducts early-stage research, from target identification to delivery of drug candidates for further development.

#### Engagement model

Primarily Full-time Equivalent (FTE) engagements.

### DEVELOPMENT SERVICES

#### Solutions

Encompasses activities from pre-clinical to clinical trials including drug substance development, drug product development and associated services to demonstrate the safety, tolerability and efficacy of the selected drug candidate.

#### Engagement model

Largely Fee-for-Service (FFS) engagements.

### MANUFACTURING SERVICES

#### Solutions

Manufacturing services for small and large molecules, including cGMP compliant facilities, for clinical supplies and registration batches as well as commercial volumes through a new, state-of-the-art API manufacturing plant and a disposable biologics manufacturing facility.

#### Engagement model

Customised engagement models to deliver clinical and commercial supplies.

### DEDICATED R&D CENTRES

#### Solutions

These centres offer dedicated multi-disciplinary scientific teams, support personnel and ring-fenced infrastructure as per client specifications to support the client's R&D requirements.

#### Engagement model

Long-term partnerships, usually five years or more, and based on the FTE model.







Large & Mid-Sized BioPharma





Animal Health



Leading China-based crop protection company

Large Japanese chemical company

Large MNC focussed on Agriculture & Nutrition segments



AgroChem

Global food and beverage company





Consumer Products

Four leading US, Asian and European chemicals and polymer manufacturing companies

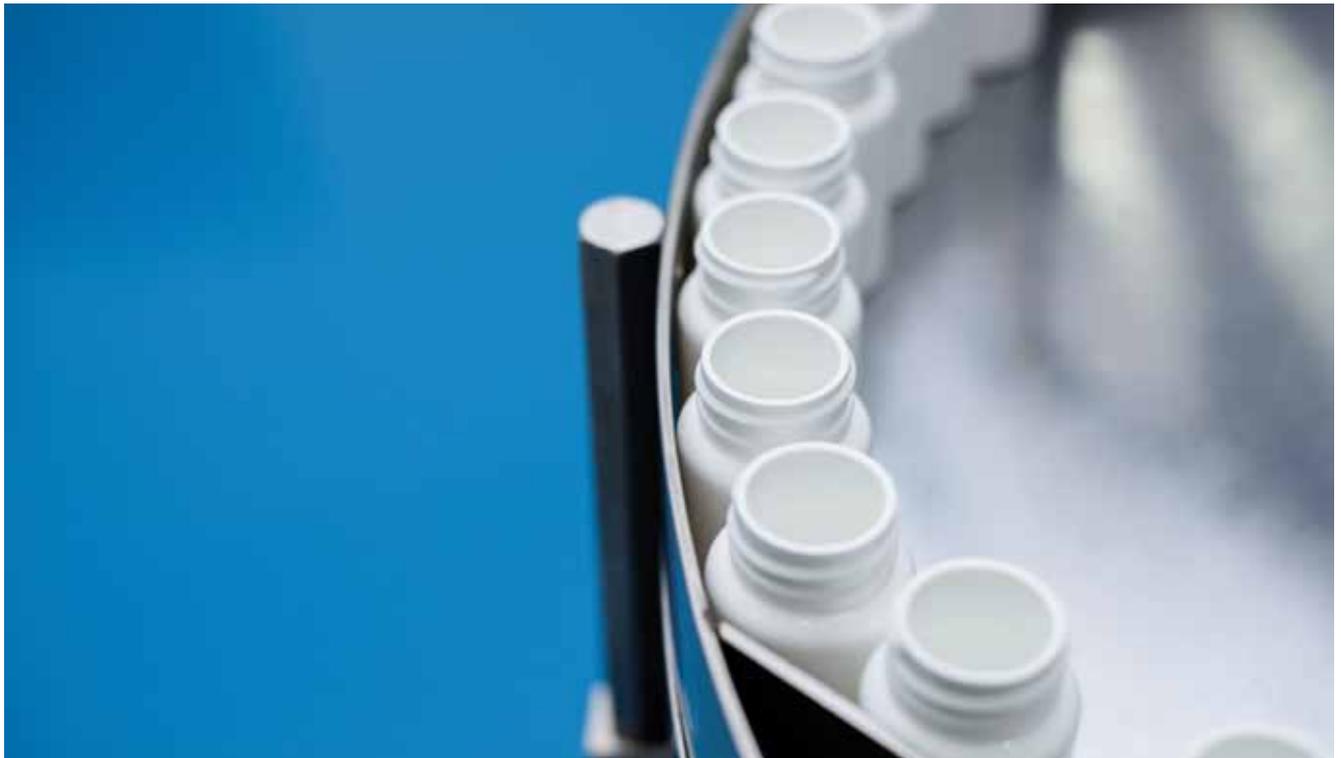
Germany headquartered chemical company, one of the largest chemical producers in the world

US-based chemical company, one of the largest chemical producers in the world

Large Asian chemical corporation



Chemicals/ Polymers



# Chairperson's Message



Dear Shareholders,

**Technology has enabled us to build a streamlined, integrated organisation that delivers innovative research to support end-to-end discovery, development and manufacturing services for our clients and partners. We have continued to invest in state-of-the-art infrastructure combined with digital automation and electronic documentation in our laboratories as well as in our newly commissioned commercial scale manufacturing facility. These advanced features enable us to be globally competitive in a rapidly evolving digital world.**

We have delved even deeper into new technologies that keep our science and scientists at the forefront of their specialties. During the year, we expanded our research footprint in Genome Valley, near the city of Hyderabad, a leading biotechnology hub in the country, with a 100,000 sq. ft. facility that can house nearly 300 multi-disciplinary scientists and allows us access to a new pool of scientific talent. We also added a new laboratory and a vivarium at our main campus in Bengaluru. We have ensured that all our new facilities have incorporated high environmental standards as well as the latest in laboratory technology, including electronic laboratory notebooks.

Our service offering continues to support a diversified client base that includes global pharma and non-pharma multinationals, medium-sized companies and small biotech start-ups. We have seen several large contract renewals and a number of new engagements during the year. Our deepening relationships with long-standing customers are a reflection of our scientific capabilities backed by world-class quality and safety processes. We have also focussed on timely and cost-effective project delivery.

### **Financial Performance**

All these efforts have enabled us to deliver a robust performance for the year under review. Total revenue for the year grew by 10%, translating into a 14% growth in EBITDA and 10% growth in Profit after Tax (PAT). Our active client base increased to more than 360 from 331 in the previous year; 25% of whom have a customer relationship extending beyond 5 years.

Biologics is an area of strategic priority for us. Globally, there is a growing demand for discovery and development services that cater to biologics or large molecules. Accordingly, the Company has been making significant investments in strengthening biologics research, development and manufacturing capabilities to provide 'clone to clinic' as well as CMO services.

# Chairperson's Message

Total revenue for the year grew by

## 10%

translating into a 14% growth in EBITDA and 10% growth in Profit After Tax (PAT)

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Our active client base increased to more than

## 360

from 331 in the previous year.

In terms of our core business, our Integrated Drug Discovery approach has played a significant role in driving strong growth in Discovery Services.

As an organisation, we recognise that in order to serve our customer needs, we require a strong leadership team with skills and experience that is commensurate with that of our clients. We have made four key appointments to the executive leadership team during the year. These are professionals who bring deep domain knowledge and vast international leadership experience that will enable our Company to have a deeper understanding of the global competitive landscape. We are already seeing the benefit of their impact in the financial performance this financial year and I am confident that their insights will significantly shape our activities in the years to come.

## Compliance

Compliance has continued to remain in sharp focus. We have invested in a number of software tools that align our processes and capabilities to the highest global standards. Furthermore, we have ensured that we have additional checks and balances through our own internal audit programmes that assure compliance to customer and regulatory auditable standards. During the year, we have had several satisfactory regulatory outcomes.

## Board Changes

In keeping with global governance practices, the Board decided to separate the roles of Managing Director and Chairperson. Accordingly, Jonathan Hunt, who served as Whole-time Director and Chief Executive Officer, was appointed as Managing Director and Chief Executive Officer from April 1, 2020. My own appointment was converted from Chairperson and Managing Director to that of Non-Executive Chairperson from the same date. Over the past four years, under Jonathan's leadership, the Company has shown considerable growth through expansion into new, emerging areas of research and development. The Board is confident that Jonathan's clear vision will enable the Company to continue to prosper in the years to come.

Dr. Bala Manian, an Independent Director of the Company since 2015, will retire from the Board on his 75<sup>th</sup> Birthday on July 15, 2020. He has chaired the Nominations & Remuneration Committee and the CSR Committee. I would, on behalf of the Board, Shareholders and the Company, like to express my deep appreciation for his immense scientific guidance to the scientists and to the Board. Vinita Bali, Independent Director, will succeed him as Chairperson of the NRC and Prof. Catherine Rosenberg, Non-Independent Director will chair the CSR committee upon his retirement.

## Outlook

The COVID-19 pandemic has introduced unprecedented challenges to the world economy. The urgent demand for healthcare solutions to combat the virus is expected to drive greater investment in scientific research. In this context, we believe that integrated research, development

and manufacturing organisations like Syngene can play an important role in supporting pharma and bio-pharma industries, as well as other philanthropic and government stakeholders in their collective quest for innovative diagnostics, therapies and vaccines. Furthermore, as companies look to diversify their supply chain as a result of their experiences during the pandemic, our Company has the opportunity to garner a greater share of the global contract research business. However, this will call for leaner and more flexible and efficient business models in a cost-competitive and time-sensitive operating environment. The adept use of data and analytics in delivering early insights to reduce research and development timelines has a growing importance and we are addressing these emerging opportunities.

The year ahead will not be normal. The impact of COVID-19 has necessitated a re-evaluation and reconfiguration of our operations. We have marshalled our talent, experience, technology, and resources to respond rapidly and maintain business continuity. We have very quickly enforced workplace protocols that have strict protection measures across all our sites to ensure that we can operate safely at near normal levels by optimising on-site and remote working. We are cognisant of the likely challenges to access capital and whilst we are a well-funded business, we will exercise prudence in our spending and investments to maintain comfortable liquidity.

As part of India's response to the global pandemic, I am very proud that our scientists and researchers have worked tirelessly around the clock to accelerate science-based solutions for COVID-19. We have repurposed one of our laboratories to set up a RT-PCR-based COVID-19 testing facility in record time and our dedicated team of specially trained scientists have been testing thousands of samples received from hospitals across the State of Karnataka, a gesture that has been recognised and appreciated by the Government of Karnataka. The Company has also collaborated with a number of biotech companies both nationally and internationally in supplying them with reagents or research support to develop diagnostic testing kits, therapeutics and vaccines.

## Dividend

Owing to the uncertainty created by the unprecedented circumstances of the COVID-19 pandemic, the Board of Directors has deemed it prudent not to declare a dividend for FY20 in order to prioritise cash and maintain liquidity. As the business environment evolves over the coming months, the Board will review the dividend payable as appropriate.

## Conclusion

In closing, I would like to express my sincere thanks to everyone who has contributed to our success over the past year. In particular, I want to recognise the important role played by my fellow Directors on the Board and thank them for the time, dedication and wise counsel that they have provided. I would also like to thank our clients, partners and suppliers for the trust they place in us and to our talented employees whose skills and dedication lie at the heart of our success. Finally, I offer my thanks to our shareholders for their support which inspires us to build this business and continue on our mission to pursue scientific solutions that improve global health.

Thank you,

**Kiran Mazumdar Shaw**

# Managing Director and CEO's Message

Dear Shareholders,

In the past twelve months, we have delivered a strong business and operational performance, reflecting the strategic investments and focussed prioritisation of recent years. Throughout the year, we drove further integration of our research and development services to enable us to offer ever more sophisticated scientific services to our clients as well as making the necessary investments in enhanced capabilities to deliver long-term, sustainable growth.



Notwithstanding the disruption of the coronavirus pandemic, I believe that we are well-positioned for the coming years and set to see further growth in our core areas of discovery research, development, manufacturing and dedicated centres.

We know that scientific innovation is rarely achieved in isolation and that partnership and effective collaboration have become central to our clients' R&D strategies. Clients from across the world see considerable value in sourcing discovery and development services from a single provider, able to deliver cost, speed and scale efficiencies as well as contribute leading edge scientific capabilities to the partnership.

As a fast-growing global contract research organisation, we provide end-to-end scientific services and technologies that cover discovery, development and manufacturing across multiple modalities and operate right at the leading edge of science. Increased integration has enabled us to improve operational agility and deliver affordable innovation with speed, reproducibility and industry-leading quality. In this way, Syngene presents a compelling proposition in an environment where clients are seeking to deliver a greater return on their R&D investments.

Our range of business models offer flexibility and customisation because we understand that each client and each project is different.

Our partners range from the largest global pharmaceutical and biotech firms to the newest start-ups in life sciences, to consumer goods, speciality chemical and animal health product manufacturers and we are committed to building an approach to meet each client's unique needs. Underpinning our ability to deliver on client expectations is our deep scientific expertise across multiple domains, enabled by world-class infrastructure and robust, validated processes that ensure adherence in the key areas of quality, compliance and safety.

## Client engagement

During the year, we added new names to our diverse client list, while expanding the scope of engagement with many existing clients. Our extensive discovery and development knowledge of both small and large molecules has been pivotal in deepening client relationships. In addition, the integration



We commissioned a new research facility covering 152,000 sq. ft. within our main campus in Bengaluru, India. We also expanded our presence with a new research facility opened in Hyderabad, India. The Hyderabad facility, with the completed first phase covering 50,000 sq. ft., will enable us to tap the city's extensive scientific talent pool.

of our Discovery Services and the ongoing integration of our Development Services has made us a more agile partner.

We aim to bring the best of science to clients. Within Discovery Services, we have significantly built out our capabilities in CAR-T therapy. Using specially-altered T cells – a part of the immune system – to fight cancer. CAR-T therapy is a rapidly expanding field of personalised medicines. Our scientists have been engaged in cutting-edge discovery and pre-clinical research in this area, and our work includes hypothesis testing and validation of new biological targets as well as the exploration of novel mechanisms related to CAR-T therapies. We also offer clinical trial monitoring and data management services in CAR-T treatment.

Other scientific highlights include the delivery of registration batches of multiple, modified-release tablet formulations of a drug that treats symptoms of multiple sclerosis, the result of a four-year collaboration with one of our Russian clients. We also developed and validated a Human Papilloma Virus assay, a test system increasingly being used for cervical cancer screening.

## Infrastructure expansion

By investing in world-class infrastructure, we ensure our scientists are able to deliver science that is the match of the very best in the world.

We commissioned a new research facility covering 152,000 sq. ft. within our main campus in Bengaluru, India. We also expanded our presence with a new research facility opened in Hyderabad, India. The Hyderabad facility, with the completed first phase covering 50,000 sq. ft., will enable us to tap the

# Managing Director and CEO's Message

## 17.5%

PAT Margin in FY20

## 33%

EBITDA Margin in FY20



Our focus on integrated research, development and manufacturing is underpinned by important operational functions including compliance, quality, safety, IT and supply chain management.

city's extensive scientific talent pool. Both the new facilities incorporate the latest thinking in technology, safety, design and energy efficiency, thereby supporting our efforts towards driving higher R&D productivity while ensuring data security and workplace safety. Our new research facilities take our total research and manufacturing footprint to 1.9 Mn sq. ft.

I am pleased to report that the construction of our API manufacturing facility in Mangaluru has been completed and is currently undergoing qualification testing. Post-qualification, the facility will commence operational batches before moving onto commercial supplies. Taking us beyond clinical development and clinical supplies of small molecules, the facility is aligned with our objective to be an integrated service provider. We also strengthened our capability in biologics manufacturing, in line with our goal to become the partner of choice for commercialisation of innovative therapies.

### Strengthening leadership

Last year, we announced the appointment of Dr Kenneth Barr to the newly created executive position of Senior Vice-President, Discovery Services. Since his appointment, Dr Barr has successfully overseen the integration of our Discovery

Services portfolio. Building on this strategy, earlier this year, we appointed Dr Jan-Olav Henck to the executive team in the position of Senior Vice-President, Development Services. With more than two decades of experience in drug development for both large and small molecules, Dr Henck will be responsible for the integration of our Development Services portfolio to mirror the approach of Discovery Services.

Several other important appointments have strengthened our management team. Dr Mahesh Bhargat, a Ph.D. in medicinal chemistry with extensive experience in biotechnology, GMP manufacturing and biologics, was appointed Chief Operating Officer; Mr Sibaji Biswas, an experienced finance professional, became Chief Financial Officer; and Ms Vinita Shrivastava, having over two decades of experience in HR, was appointed Chief Human Resource Officer. These appointments have already made an impact in FY20 and I look forward to further building on this progress in the coming year.

### Enabling functions

Our focus on integrated research, development and manufacturing is underpinned by important operational functions including compliance, quality, safety, IT and supply chain management. These essential services are key to the smooth running of our operations.

A strong track record of regulatory compliance is a key strength for the organisation. Over the course of the year, we cleared audits from both clients and regulators from across the globe, including the US FDA, European EMA, Japanese PMDA, and others. This year, in a new development, we received approval from the Ministry of Health of the Russian Federation for compliance with current Russian GMP standards. Additionally, our viral testing facility received GLP certification from the National GLP Compliance Monitoring Authority, making it India's first and only GLP-certified viral clearance study service provider. We are committed to applying best practice operating procedures at all times in our operations and we aim to maintain a state of "Anytime Audit Readiness" in all operating units.

Through our flagship safety programme, Kavach, we continued to reinforce the importance of safety not only for our employees but also for contract workers, vendors and transporters. To combat the COVID-19 pandemic,

comprehensive measures were implemented to safeguard the well-being of our employees and minimise the impact on projects and service delivery to clients.

Acutely aware of the impact that digitisation has on operations, we invested in the latest IT tools across our business. Besides automating processes in our core R&D activities to facilitate fast and secure data retrieval and analysis, other IT initiatives were implemented to shorten timelines while optimising costs.

Our supply chain management team worked closely with vendors to ensure on-time and uninterrupted delivery of our shipments. This team played an important role in securing essential stocks as part of the business continuity arrangements put in place to manage the impact of COVID-19.

### People development

Our staff are the key differentiator for our business. Their training, skills, experience and commitment to every project ensures that we deliver high quality research, development and manufacturing services for our clients at all times. We strive to be a world-class employer in order to attract top talent and provide them with a stimulating and safe work environment and support in achieving their career ambitions. During the year, new initiatives were undertaken to foster cross-functional skills and to encourage individual development including bespoke technical training programmes for each business unit.

### Financial review

I am pleased to report a sound financial performance for the year, led by particularly strong growth in our Discovery Services division. Total revenue grew to Rs. 20,935 Mn in FY20, up 10% from Rs. 19,007 Mn in FY19. Operational costs increased with the opening of our new R&D facilities and higher investments in safety and compliance, both necessary for future business expansion. We continued to safeguard profitability with EBITDA for the year standing at Rs. 6,995 Mn, up 14% compared to Rs. 6,119 Mn in FY19. Profit after tax, excluding the exceptional gain of Rs. 459 Mn related to an insurance claim, was up by 10% to Rs. 3,662 Mn, compared to Rs. 3,316 Mn in FY19. EBITDA and PAT margins for the full year, excluding the exceptional gain, were at 33% and 17.5%, respectively.

### Sustainability and social responsibility

Continuing our drive to use resources efficiently and reduce our carbon footprint, this year, measures were taken across our facilities to stop the use of single-use plastics, to conserve water, and to reduce energy consumption.

In the community, leveraging our expertise in science, technology and data analytics, we aim to invest to improve health and build stronger communities. This year, we undertook a range of initiatives in the areas of healthcare, nutrition, education, women's empowerment, and rural development. As part of our response to the global pandemic, we repurposed a laboratory and established a RT-PCR testing facility for COVID-19 and tested samples free of charge for hospitals in the Bengaluru area.

### Outlook

We see attractive opportunities within all our operating businesses of Discovery Services, Development Services, Manufacturing Services and Dedicated Centres as clients seek to keep pace with scientific innovation while increasing speed to market and operating efficiency - and controlling their costs. Our integrated approach to client service will allow us to extend the breadth of our relationships with key customers and grow our share of their R&D projects. We are also building new on-line channels to find new ways of engaging with new clients around the world. In the near term, while we are confident that we have in place a comprehensive response plan to work through the coronavirus pandemic, the external environment remains uncertain and we will apply prudent controls to costs and investments until the situation stabilises.

Overall, we are on track to deliver our long-term growth plans for the Company and we believe that we are investing wisely to deliver sustainable value in the coming years.

Finally, I would like to thank everyone in Syngene for their commitment to our clients and absolute dedication to delivering great science. It is through their efforts that the Company will continue to prosper.

### Jonathan Hunt

# Financial Review



I am delighted to present my first review as the new Chief Financial Officer of Syngene. I am privileged to assume this role in an exciting growth sector and a company that is a leader in its field. I truly believe that the life sciences industry has an immense opportunity to contribute to the transformation of human lives, and in today's COVID-19 context, it gains even greater importance.

In my new role, my focus will be on driving revenue growth, maintaining profitability through sound cost discipline and a well calibrated capital allocation strategy, all of which will enable us to continue building value over the long-term.



Our balance sheet position and underlying business fundamentals remain strong as we navigate through these challenging times and return to a more stable business environment. We are well-funded and financially secure and we will manage both operational and capital expenses prudently, and in a risk-managed way.

**Sibaji Biswas**

CFO

**Rs. 31,541 Mn (USD 451 Mn)**

Total capex base

**Rs. 7,560 Mn (USD 108 Mn)**

Total capex spent in FY20

## Performance highlights FY20

FY20 was another good year for Syngene with a robust 10% growth in revenue and Profit After Tax (PAT), excluding the exceptional gain related to the insurance claim during the year. The year began on a slow note but we were quick to recover and gain momentum during the year to end the quarter on a strong note. We applied financial discipline to ensure that our cost levers underpin our targeted growth, while safeguarding profitability.

Our revenues grew by 10% to Rs. 20,935 Mn primarily driven by strong growth in Discovery Services business and a continued good performance in Development Services business. However, if we were to adjust for a one-time pass through billing of Rs. 400 Mn last year, our revenue growth was at 13%. Discovery Services constituted 32% of revenue, Dedicated R&D Centres constituted 31% while Development Services and Manufacturing contributed the remainder.

We continued to expand our existing client collaborations and also entered into new partnerships, taking our total client base from 331 active clients in FY19 to more than 360 active clients in FY20.

## Cost and Margin Overview

Our earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 14% to Rs. 6,995 Mn, as against Rs. 6,119 Mn in FY19. Profit after tax (PAT) excluding the exceptional gain relating to insurance claim was up 10% to Rs. 3,662 Mn. EBITDA and PAT margins also improved during the year by 122bps and 10bps respectively.

With regards to our costs, our material and power expenses as a percentage of our revenue reduced to 27% from 30% in FY19 due to a change in the sales mix in favour of discovery services and impact of one-time pass-through of approximately Rs. 400 Mn recorded in the first quarter of the previous year. The employee cost as a percentage of revenue increased during the year, on account of the strengthening of the leadership and mid-level managerial teams. We also made investments in talent for yet-to-be scaled up businesses such as the R&D facility at Hyderabad, the new research facility in Bengaluru and from the opening of the Mangaluru API manufacturing facility. These investments reinforce our focus

# Financial Review

on strengthening the foundations of the Company and ensure that our growth is sustainable over the long-term. Despite significant investments in human capital, our gross margins improved by 30bps in FY20.

We were able to improve the EBITDA margin compared to the prior year despite increased investments in leadership, business development, safety and quality compliance. We see such areas as important to achieve increased capacity for growth, build new partnerships and ensure a high standard of delivery.

## Capex

In line with our capex strategy to meet the growing demand from clients, we continued to make sustained investments focussed on increasing capacity and building capabilities.

We made significant headway in terms of building research and manufacturing capacities during the year. We achieved milestones by commissioning the first phase of the new R&D centre in Hyderabad, commencement of the API manufacturing facility in Mangaluru, expansion of the R&D facility in Bengaluru.

During FY20, we invested a total of Rs. 7,560 Mn (USD 108 Mn) in ongoing capex programmes. Of the total capex, 40% was in the commercial API manufacturing facility, 26% in Discovery Services, 11% in a Biologics manufacturing facility and 23% in the Dedicated Centres and Development Services. This capital infusion took our total asset base to Rs. 31,541 Mn (USD 451 Mn) as on March 31, 2020, including assets under construction of Rs. 2,341 Mn (USD 33 Mn). It is noteworthy that 100% of the capex during the year was self-funded. Despite this, our net cash position increased to Rs. 3,623 Mn as on March 31, 2020 as against Rs. 3,396 Mn as on March 31, 2019.

We are on track to take our total asset base to USD 550 Mn by the end of FY21. We will continue to invest in our core businesses of dedicated centres, discovery and development services in line with business visibility. Given the long gestation period linked to manufacturing facilities, we will assess long-term market conditions and plan any further investments accordingly.

## Foreign exchange movement

96% of our total sales are denominated in foreign currency, principally USD, resulting in high exposure to the risk of adverse fluctuation in exchange rates. We continue to follow our hedging policy consistently to manage such risk.

As per our hedging policy, we hedge 100% of exposure over the coming 12 months and between 50% to 70% of exposure over a further 12 months. We also hedge 100% of exposure for long-term fixed price contracts. These hedges are obtained through a combination of various derivative instruments such as 'foreign exchange forward' and 'put option contracts'.

With the average hedged rate at Rs. 72 per USD and average spot rate at Rs. 71.3 per USD for FY20, we registered a net foreign exchange gain of Rs. 144 Mn for the year, as against loss of Rs. 19 Mn in FY19, when the averaged hedged rate and billing rate was Rs. 69 per USD.

## Special Economic Zone (SEZ) and other taxation benefits

As per tax holiday benefits in the Income-tax Act, 1961 for facilities operating in Special Economic Zones (SEZ), Syngene enjoys benefits to the extent of 100% exemption from payment of income tax for the first five years of operations, 50% exemption for the next five years and a further 50% exemption for another five years, subject to fulfilment of criteria laid down.

With new units going live during the year, the average effective tax rate decreased by 225 basis points to 18%.

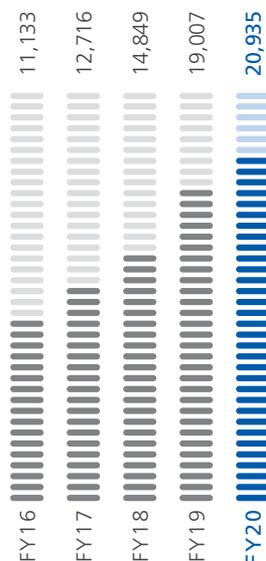
With respect to indirect taxes, the GST notification that came out in September 2019 provides exemption on export of Toxicology, Analytical, Stability and Clinical Services. This benefits approximately 10% of our business, and as a result, all our export services are now exempt from GST.

## Shareholder value

Syngene is focussed on building a business for the long-term through the efficient use of capital, strong and profitable revenue growth and focussed risk management. Its impact is evident in solid net worth position at Rs. 21,758 Mn as on March 31, 2020.

### Revenue

(Rs. Mn)



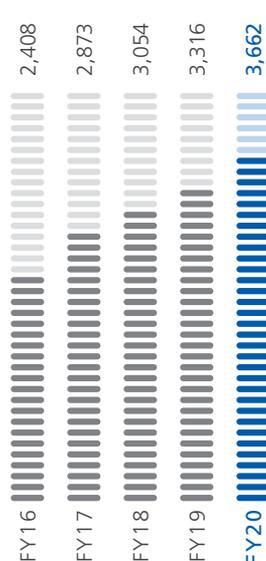
### EBITDA

(Rs. Mn)



### PAT

(Rs. Mn)



### Net Fixed Assets

(Rs. Mn)



Owing to the unprecedented circumstances created by COVID-19, the Board of Directors has deemed it prudent not to declare a dividend for FY20 in order to prioritise cash and maintain liquidity. As the business environment evolves over the coming months, the Board will review the dividend payable for FY21.

### Closing comments

Going forward, we intend to continue investing in future growth which will come with a mid- to long-term ramp-up period. We believe we are making the right investments to support our anticipated growth trajectory.

We will likely see some impact of COVID-19 on our business in FY21. With the extended lockdown and suspension of operations continuing into the first quarter, we incurred operational costs while maintaining our facilities in a safe state and introducing protective measures on our sites to ensure that we could continue operations while protecting client projects and our employees.

Nonetheless, it is noteworthy that our balance sheet position and underlying business fundamentals remain strong to tide the Company through this challenging time. Our intention is to strengthen and be ready for the future, all the while keeping a close watch on the ongoing developments.

I thank all our stakeholders for their unstinting support in these difficult times. We remain committed to creating and maximising value for all stakeholders.

**Sibaji Biswas**

Chief Financial Officer

# Our Journey

Where we stood in 2000	Accomplishments from 2001-09	Accomplishments from 2010-15
<ul style="list-style-type: none"> <li>● Granted 100% Export-Oriented Unit (EoU) status by the Government of India</li> </ul>	<ul style="list-style-type: none"> <li>● Expanded operations as a CRO</li> </ul>	<ul style="list-style-type: none"> <li>● Further expansion of operations across all business divisions</li> <li>● Listed on Indian Stock Exchanges</li> </ul>
		<ul style="list-style-type: none"> <li>● 2,685 (as on March 31, 2015)</li> </ul>
	<ul style="list-style-type: none"> <li>● 87 (as on March 31, 2009)</li> </ul>	<ul style="list-style-type: none"> <li>● 331 (as on March 31, 2015)</li> </ul>
<ul style="list-style-type: none"> <li>● Laboratory space of 23,000 sq. ft. in Bengaluru</li> </ul>	<ul style="list-style-type: none"> <li>● Moved to Biocon Special Economic Zone (SEZ), a 90-acre biopharmaceutical campus in Bengaluru with a laboratory space of 65,000 sq. ft.</li> </ul>	<ul style="list-style-type: none"> <li>● Established a 75,000 sq. ft. centre for Stability and Analytical Services</li> <li>● Set up a new cGMP (Current Good Manufacturing Practice) plant in Bengaluru to manufacture new chemical entities (NCEs)</li> <li>● Total research and manufacturing infrastructure spread across 900,000 sq.ft.</li> </ul>
<ul style="list-style-type: none"> <li>● Chemistry and biology services focussed CRO</li> </ul>	<ul style="list-style-type: none"> <li>● Expanded service offerings to include chemical development, safety assessment and biologics development</li> </ul>	<ul style="list-style-type: none"> <li>● Expanded into Formulations development and Stability and Analytical services</li> </ul>
	<ul style="list-style-type: none"> <li>● Established Biocon-BMS R&amp;D Centre (BBRC), dedicated R&amp;D centre for Bristol-Myers Squibb</li> </ul>	<ul style="list-style-type: none"> <li>● Established Abbott Nutrition R&amp;D (ANRD), the dedicated R&amp;D centre for Abbott; its first nutrition R&amp;D centre in India</li> <li>● Established Baxter Global Research Centre (BGRC), the dedicated R&amp;D centre for Baxter International Inc.</li> <li>● Extended collaboration with Bristol-Myers Squibb for BBRC</li> </ul>
		<ul style="list-style-type: none"> <li>● Collaboration with Endo Pharmaceuticals, USA, to develop novel anti-cancer biological therapeutic molecules</li> </ul>
		<ul style="list-style-type: none"> <li>● Merger of Clinigene International Ltd., a clinical research company</li> </ul>
	<ul style="list-style-type: none"> <li>● Crossed annual turnover of Rs. 1,000 Mn</li> </ul>	<ul style="list-style-type: none"> <li>● Crossed annual turnover of Rs. 5,000 Mn</li> </ul>

					
Company status	Number of employees	Number of clients	Infrastructure facilities	Service offerings	Dedicated R&D Centres

## Accomplishments from 2016-20

Market capitalisation of Rs. 9,606 Cr. as on March 31, 2020

- 5,000  
(as on March 31, 2020)
- 360+  
(as on March 31, 2020)
- Commissioned new biologics manufacturing plant designed to support clinical and commercial supplies
- Set up the National Centre for Advanced Protein Studies (CAPS) in agreement with Biotechnology Industry Research Assistance Council (BIRAC), a Government of India undertaking
- Set up a new research facility at Genome Valley, Hyderabad; phase 1 provides 50,000 sq. ft. of laboratory space
- Total infrastructure space of 1.9 Mn sq. ft. across locations
- Completed construction of active pharmaceutical ingredient (API) manufacturing plant in Mangaluru to support commercial supplies
- Integrating all capabilities, giving clients access to an end-to-end service
- Further extension of collaboration with Bristol-Myers Squibb for BBRC
- Established the Syngene Amgen R&D Centre (SARC) for Amgen Inc.
- Established Herbalife's first nutrition R&D centre in India
- Extended collaboration with Baxter for BGRC
- Collaboration with Zoetis to develop and manufacture animal medicines
- Collaboration with GSK to advance drug discovery in multiple therapeutic areas
- Expanded scope of engagement and extended duration of collaboration with Merck KGaA
- Collaboration with Artelo Biosciences, Inc. to advance novel oncology drugs
- Collaboration with PharmAust for development of prototype Good Manufacturing Practice (GMP) methods to scale-up the manufacture of its human and veterinary cancer drug candidate for use in clinical trials
- Collaboration with Zumutor Biologics to access their antibody engineering expertise
- Acquisition of bioinformatic assets of Strand Life Sciences
- Crossed annual turnover of Rs. 20,000 Mn



Some of our leading collaborations



Acquisitions



Annual Turnover

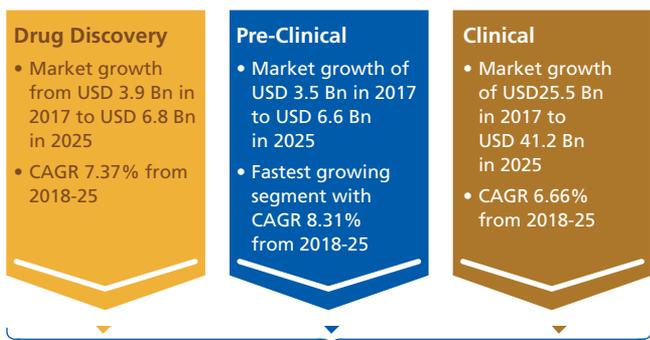
# Market Overview

## Contract research market

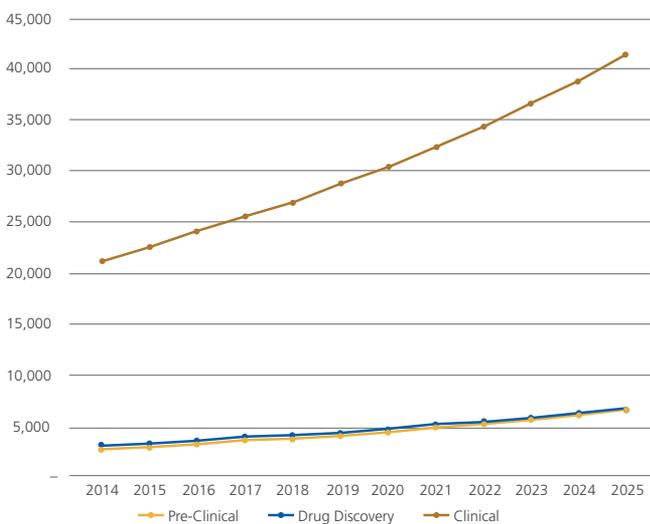
The global contract research organisation (CRO) services market is projected to grow at 7.6% CAGR from 2019-25 to reach a value of USD 61 Bn by the end of this period, according to a research report from Global Market Insights<sup>1</sup>. While pharmaceutical and biopharmaceutical companies are the primary end-users of contract research services, estimated to account for 54% revenue share in 2018, companies in the realms of medical devices, consumer products, cosmetics, speciality chemicals and agrochemicals are also working with CROs for product innovation.

## Healthcare CRO market: Type estimates & trend analysis

### Key Type Segments



### Key segment trends



Source: Industry Journals, Annual Reports, Investor Presentations, Primary Interviews, Grand View Research

## Global healthcare CRO market

While research and development investments are increasing to meet the growing demand for new drug molecules for various therapeutic areas, the R&D model has witnessed a major shift over the past decade. CROs have emerged as a strategic alternative to in-house research and development as they help pharmaceutical and biopharmaceutical companies to control their R&D costs, manage stringent regulatory requirements, take strategic decisions based on research progress and outcomes, increase the speed-to-market of their life-changing drugs and focus on their core competencies. CROs, through their ability to adapt and integrate advanced technologies and their teams of highly qualified scientists, can accelerate the development of a compound. This eliminates the client companies' need to maintain their own R&D space, equipment and manpower. Consequently, CROs have become the partner of choice for companies of all sizes, from global giants to smaller enterprises.

While analysing the global healthcare CRO market, Grand View Research estimated the size of the opportunity to partner drug development over three segments: drug discovery, pre-clinical, and clinical.

Preclinical is expected to be the fastest growing segment with a CAGR of 8.31% over the forecast period of 2018-25. In recent years, the development of targeted therapies has benefited from the impetus of new information about the human genome and its relation to disease progression. A higher number of product approvals by the US Food and Drug Administration (FDA) has also provided a boost. In this environment, the demand for CRO services is expected to increase, because of their diversified expertise with respect to development of drugs in specific therapeutic areas and ability to undertake clinical trials in a wide array of geographies.

Segmenting by therapeutic area, the oncology segment accounted for the largest share of revenue of the CRO market in 2018 and is estimated to record 7.5% CAGR during 2018-2025. This growth is predicted to be sustained as the increasing incidence of cancer drives demand for new drug development for disease treatment.

<sup>1</sup> <https://www.globenewswire.com/news-release/2019/10/28/1936031/0/en/CRO-Market-value-to-cross-61-billion-by-2025-Global-Market-Insights-Inc.html>

## Contract manufacturing organisations

Pharmaceutical manufacturers are increasingly entering into strategic partnerships with contract manufacturing organisations in order to increase capacity, gain access to sophisticated technologies, and mitigate risk. For instance, in clinical dose manufacturing, there is a high risk of failure associated with pipeline drug products; using the services of a CMO reduces this risk for pharmaceutical companies that would otherwise need to invest in both the manufacturing equipment and facilities. Industry assessment indicates that CMOs are acquiring or developing capabilities of both API and dose manufacturing. A full-service CMO makes manufacturing seamless and reduces the client's dependence on multiple contract service providers.

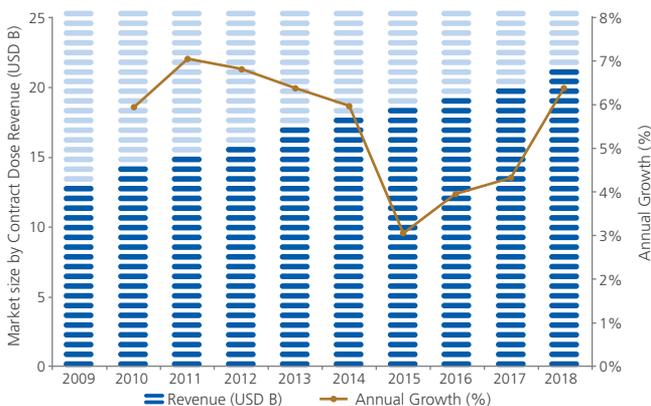
Global data estimates that dose CMO contract revenue in 2018 was USD 21.4 Bn, representing a growth of 6.4% over the 2017 revenue of USD 20.1 Bn. This is the highest year-on-year growth since 2012 and represents a continued recovery from the low growth rate of 3.0% recorded for 2015.

## Biologics market

The pharmaceutical industry has seen the emergence of the biologics blockbuster in the past ten years. In 2018, only two of the top ten largest selling drugs were small molecules and biologics drove 80% of sales. Looking ahead, as biologics lose their patent protection, biosimilars are taking their place.

The fast pace of growth of the biologics industry versus the insufficient internal capacity of biopharmaceutical companies has spurred them to outsource various parts of product development and manufacturing. The complexity of biologics, both in the development and manufacturing stages, and the specialised skills and equipment required for this, has led to CROs and CMOs becoming an integral part of the biologics industry. According to Grand View Research, the global biopharmaceutical CMO and CRO market size is expected to reach USD 37.8 Bn by 2025, 7.7% CAGR. Mammalian cell line-based bioproduction systems held the largest market share in terms of revenue in 2018<sup>2</sup>.

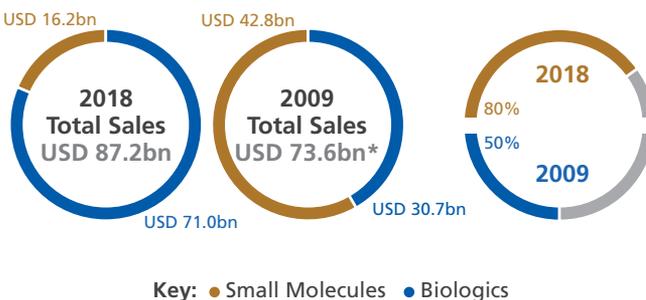
Dose CMO market size by revenue, 2009-2018



Note: Revenues in the above figure represent contract dose revenues, not total company revenues

Source: GlobalData Pharmaceutical Intelligence Centre Contract Provider Database (Accessed August 19, 2019)

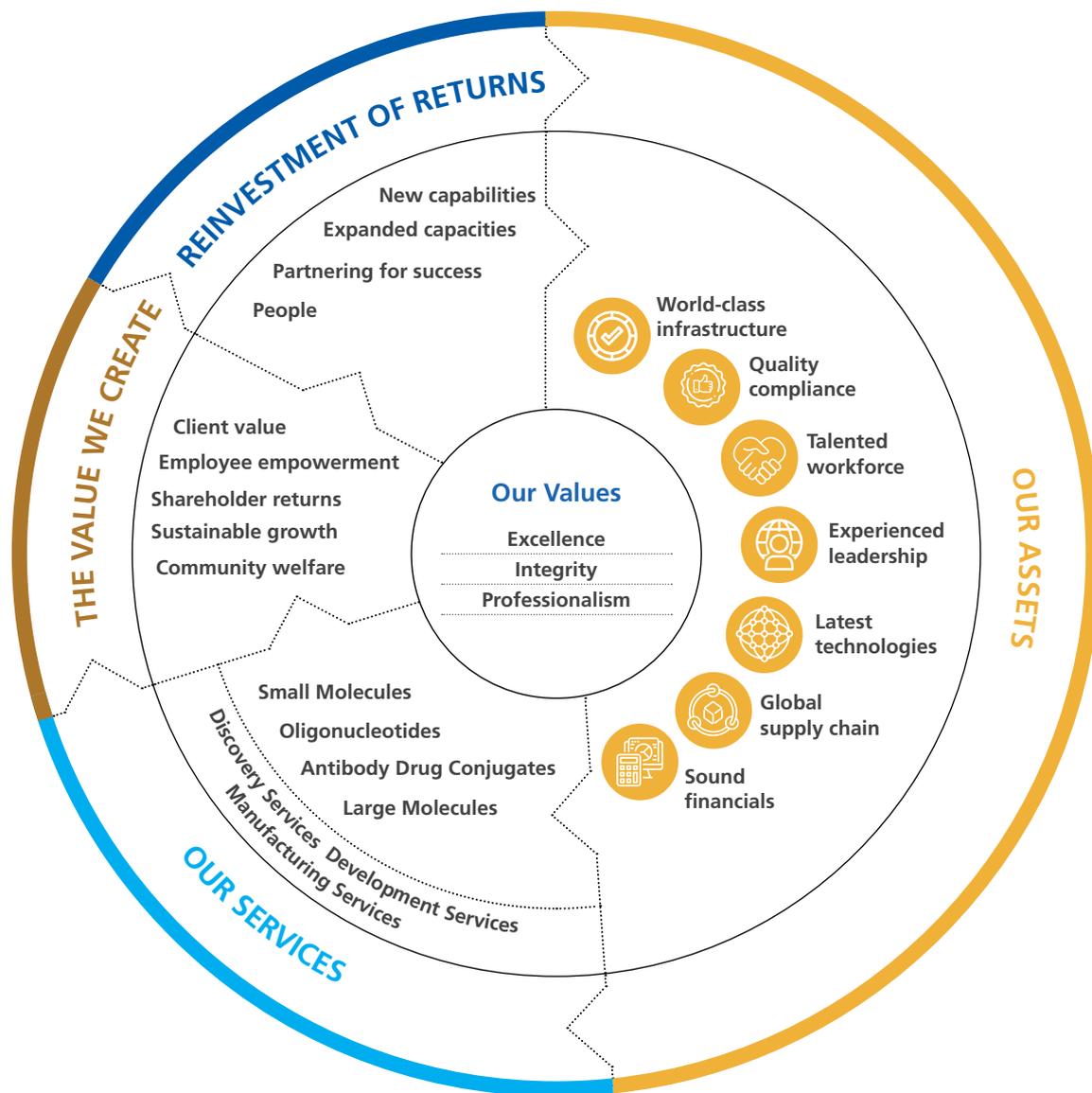
Sales of Top 10 best-selling drugs by molecule type



\*Rounding accounts for discrepancy in total figure for 2009  
Source: In Vivo, Informa Pharma Intelligence, Outlook 2020

<sup>2</sup> [https://www.researchandmarkets.com/reports/4375440/biopharmaceutical-cmo-and-cro-market-size?utm\\_source=BW&utm\\_medium=PressRelease&utm\\_code=wtv7xt&utm\\_campaign=1270102++Global+Biopharmaceutical+CMO+%26+CRO+Markets+2019-2025+by+Service+Type+\(Contract+Manufacturing%2c+Contract+Research\)%2c+%26+Product+\(Biologics%2c+Biosimilars\)&utm\\_exec=chdo54prd](https://www.researchandmarkets.com/reports/4375440/biopharmaceutical-cmo-and-cro-market-size?utm_source=BW&utm_medium=PressRelease&utm_code=wtv7xt&utm_campaign=1270102++Global+Biopharmaceutical+CMO+%26+CRO+Markets+2019-2025+by+Service+Type+(Contract+Manufacturing%2c+Contract+Research)%2c+%26+Product+(Biologics%2c+Biosimilars)&utm_exec=chdo54prd)

# Value Creation Model



## Assets

We have solid foundations based on our laboratory infrastructure, technology investments, skilled workforce, strong leadership, and financial strength. These assets underpin our ability to deliver great science for our clients.

## Services

We deploy our asset base to offer integrated services across scientific discovery, development and manufacturing tailored to the requirements of every project.

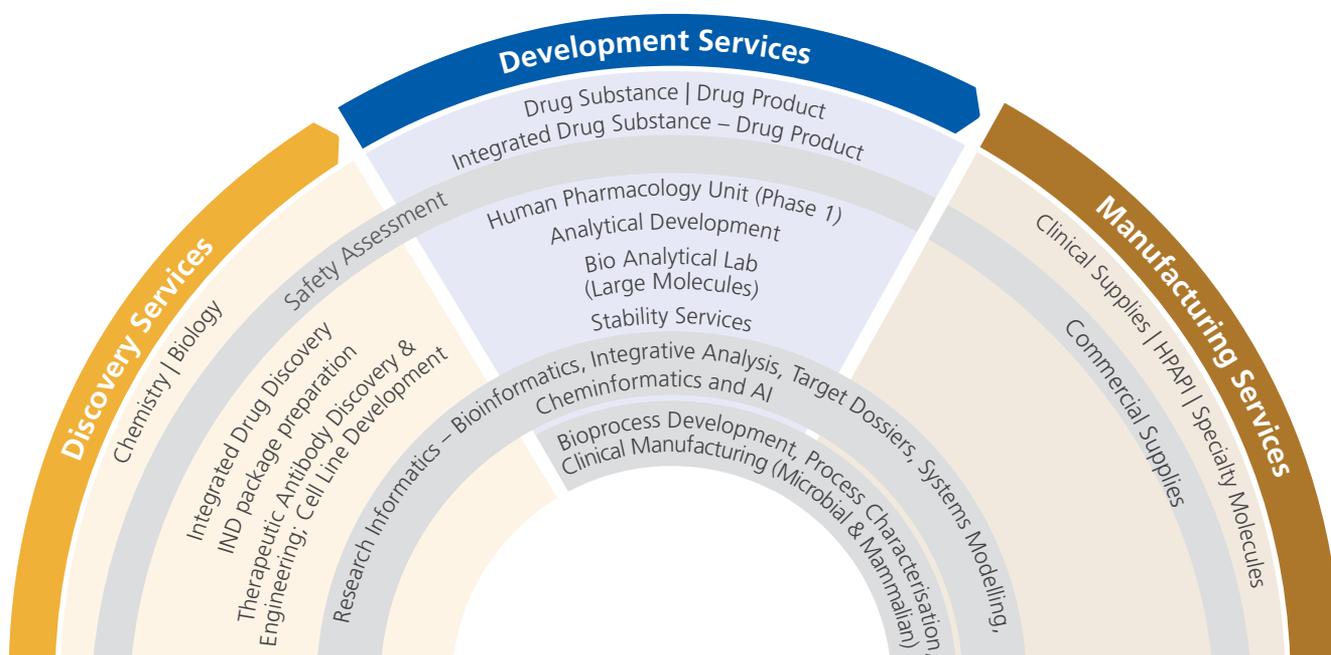
## Value Created

We create value for our clients by delivering innovation while providing them both time and cost-to-market benefits. Our business activities also enable us to create value for our employees, shareholders and the community at large.

## Reinvestment

We will continue to invest in additional capacity and new technology to ensure that we keep pace as science evolves.

## Our Services



## Dedicated R&D Centres

**Amgen**

**170**

scientists

**60,000** sq. ft.  
of laboratory space

**Baxter**

**200**

scientists

**70,000** sq. ft.  
of laboratory space

**Bristol-Myers Squibb**

**550**

scientists

**>250,000** sq. ft.  
of laboratory space

**Herbalife**

**8**

scientists

**3,200** sq. ft.  
of laboratory space

## Our Partnering Models

Clients can select any one or a combination of the below models for their R&D programmes.

### Fee for Service (FFS)

Collaboration to deliver agreed services within a defined scope. Flexible, on-demand personnel and research infrastructure deployed to realise the objectives of the client's project.

Engagements may be short or long-term.

### Full-Time Equivalent (FTE)

Predefined number of scientific personnel from predetermined disciplines work full-time on client projects. Deliverables and team composition evolve as the project advances.

Agreements are typically renewed annually.

### Dedicated Centres

Clients are provided customised and ringfenced infrastructure. Dedicated scientific and support teams work exclusively on the client's project.

Long-term strategic alliances of usually five years or more.

# Strategic Priorities



## Capture the opportunity in biopharmaceuticals

Our strategic priority is to build our capabilities in the area of biopharmaceuticals to serve existing and potential clients better.

### Enablers of our strategy

- Invest in strengthening biologics research, development and manufacturing capabilities
- Build capabilities in bispecific antibodies as well as CAR-T therapy
- Set up a state-of-the-art biologics manufacturing plant

## Foster continuous improvement

In addition to building our portfolio of services and introducing new talent, we believe that a culture of continuous improvement will be a critical enabler of the excellence that is our hallmark.

### Enablers of our strategy

- Relentless pursuit of excellence, with special focus on non-negotiable areas of quality and safety
- Implement principles and tools to drive operational excellence including Lean and Six Sigma
- Embracing environmental and social sustainability to underpin long-term value creation



## Deliver added value from integrated discovery and development projects

Our integrated drug discovery and development approach offers significant benefits to clients: seamless project management between Syngene discovery and development services teams; enhanced project visibility as the scope of client engagement is spread across multiple services; elimination of technology transfer and other logistical issues; and substantial potential to reduce project timelines and costs. Our strategic priority is to grow our integrated drug discovery portfolio by driving internal alignment of our services to become the preferred partner for end-to-end projects.

### Enablers of our strategy

- Restructuring of Discovery and Development Services by bringing each division under a single umbrella to enhance organisational cohesiveness
- Introduce experienced leaders in the Discovery and Development Services Divisions with a deep understanding of global client priorities and requirements
- Drive alignment and co-ordination across the business lines to facilitate anticipation of the client project needs and increase forward planning to capture the full benefits of speed and cost



Syngene’s COVID-19 RT-PCR testing centre completes nearly 20,000 tests within a short span since commencing testing. A dedicated team of scientists perform the tests free of charge as per the guidelines prescribed by national and global regulatory authorities on samples collected from across Karnataka.

# Discovery Services

The convergence of our early phase research offerings within a cross-disciplinary team of scientists and leaders – along with capability enhancements which further strengthen the quality and efficiency of delivery – is the ideal foundation to drive integrated innovation for our clients.



Ours is a knowledge-based culture where we encourage sharing of insights between disciplines and maintain a forward-looking vision. Our scientific expertise powers the performance of Discovery Services and through our integrated approach, we are determined to build a pipeline of opportunities for downstream functions in Development Services and Manufacturing.



**Dr. Kenneth Barr**  
Sr. Vice-President,  
Discovery Services

## Delivering added value

Throughout the year, we leveraged the synergies gained through the integration of Discovery Chemistry, Discovery Biology, Safety Assessment, and Research Informatics under a single line of leadership. As part of this, we took data analysis and interpretation to a higher level through our new Research Informatics capability, formed by combining Syngene's prior Bioinformatics and Cheminformatics capabilities. Our new operating model creates greater value for clients. Furthermore, the growing strength in our early stage delivery builds a pipeline of opportunities for the downstream functions within Development Services and Manufacturing. This approach reflects our commitment to be a true research partner in therapeutic discovery alongside our traditional strength as a service provider.

## Integrated drug discovery

The amalgamation of extensive drug discovery knowledge and expertise across all major therapeutic areas and modalities, bolstered by expert project management capabilities, helped us to deliver the maximum value to our clients' research projects. During the year, we executed eight integrated drug discovery (IDD) projects across both small and large molecules. We also launched new integrated programmes along the drug discovery continuum. Internal processes were further optimised, and we continued to access the most advanced technology to expedite our clients' drug discovery efforts.

## Experienced leadership

The various departments of the Discovery Services division are headed by experienced scientific talent. Both scientific excellence and operational efficiency have been augmented through strong collaboration among the leaders. Cross-functional leadership teams have also been created to leverage the synergies across different business divisions.

## New research centre

A new, state-of-the-art research and development facility was opened in Genome Valley at Hyderabad. The completed first phase comprises 50,000 sq. ft. of laboratory space and can house around 150 scientists. Regarded as the 'Pharma Hub of India', Genome Valley offers a wealth of experienced talent for our innovation efforts. The location is also advantageous for its excellent infrastructure and connectivity. The centre incorporates safety in its structural design, with its active and passive fire protection features. It is the first facility in India to be equipped with an automated analytical laboratory, which will ensure efficient management of instruments and exceptionally rapid turn-around time for sample analysis. The facility was opened with a commitment to 100% use of electronic laboratory notebooks (ELNs), resulting in enhanced data capture, security, retrieval, and analysis. The adoption of cutting-edge technology at the facility will further help us in our pursuit of solutions to complex R&D challenges and driving higher productivity.

## New capabilities

The biologics discovery and preclinical research capabilities in CAR-T therapy, an innovative cell-based approach to treating cancer were expanded. Several projects covering hypothesis-testing and validation of new biological targets as well as the exploration of novel mechanisms related to CAR-T therapies are underway.



We extended our biologics discovery and preclinical research capabilities in CAR-T therapy, an innovative cell-based approach to treating cancer.

A standalone histopathology service was initiated within Safety Assessment to cater to the various pathology service requests from clients. This unit was further enhanced by the addition of new technical capabilities to conduct hemocompatibility tests, safety pharmacology studies, various *in vitro* tests, and other complex analysis. Safety assessment has long been a key growth driver of the Discovery Services division. Its strength has allowed us to make remarkably timely deliveries for clients.

Optimising a lead to a drug candidate is a rigorous process which involves achieving a balance of several properties. Responding to this complexity, the Research Informatics unit developed an Artificial Intelligence (AI) platform for multiparameter optimisation of small molecules. It also developed a digital platform for target dossiers that is efficient, searchable, and available in real-time for the client and a reaction search portal for chemical development that digitises the client's projects, enables chemistry searches, and provides a faster response to requests for proposal (RFPs).

# Discovery Services



A new integrated microbiology laboratory that will serve as a dedicated facility for large molecules, covering a full suite of tests is being established. Another major development is a germ-free mouse facility to study the effect of probiotics in health and disease.

This year saw the adoption of the standards of Good Research Practices (GRP) in our operations – something that very few organisations can offer. Under GRP, we develop and operate within industry-leading research stage quality and compliance. This is a competitive differentiator, giving our clients even greater confidence in our ability to deliver.

## External collaborations

To bring in new technologies and accelerate drug discovery for clients, an important aspect of our approach is to collaborate with external partners. This year, our non-rodent *in vivo* capabilities were bolstered through entering strategic relationships with Frontage (USA), ERBC (France), and Vimta (India), affording access to canine and non-human primate studies. Relationships with premier providers of hit identification technologies, allow us to access high throughput screening of proprietary library collections. These investments will help us serve our clients' needs in the most efficient way possible.

## Delivering innovation

We strive to push the boundaries of science to identify the most promising molecules for development. As in the previous years, several clients recognised our scientific expertise for advancing their molecules to clinical studies through high quality data. We were also appreciated for delivering on-time performance.

Among the year's major achievements was our success in India's first HPV (Human Papillomavirus) vaccine programme, where our regulated bioanalytical laboratory contributed immunogenicity data by single plex ELISA and multiplex MSD assays. Our ability to handle complex assays in a methodical manner is among our greatest strengths and we remain committed to applying this expertise to drive innovations.

The Research Informatics unit successfully completed a glycosylation prediction model for Biocon Limited, our parent company. Biocon assigned the IP to Syngene, so the glycosylation prediction model can now be offered to additional clients, creating opportunities for collaboration with other biologics manufacturers. The work by Syngene scientists on behalf of clients was featured in high-profile publications as well as in patent filings. Another key accomplishment was the completion of two safety toxicology programmes, which will form a component of the Investigational New Drug (IND) applications by the sponsor companies. Our passion to partner in the delivery of innovative therapeutics led us to provide solutions to complex projects in the areas of antibody drug conjugates (ADCs) and proteolysis targeting chimeras (PROTACs), among others. Our scientific credibility was acknowledged by a leading medical journal through printing a synopsis of our published work on the cover page.

## Client engagement

The Discovery Services division delivered robust growth through the year driven by contract renewals, expansion of business collaborations with existing clients, as well as the addition of new clients. Several FFS-based collaborations converted to the FTE-based model, thereby deepening client engagement. Our discovery solutions and technologies, tailored to meet the expectations of animal health companies, have put Syngene among the world's largest providers of animal health research services.

While our services continue to be accessed primarily by companies in the lifescience sector, we are also seeing increased demand from clients in other non-lifescience sectors.

## Innovation Case Studies

### 1 Discovery Chemistry

#### Requirement from the client

A medical device company requested we design, synthesise, and screen molecules to identify the optimal choice for use in a combination drug-device therapy for treatment of a peripheral arterial disease (PAD) called Natural Vascular Scaffold (NVS). We were asked to complete the project on the accelerated timeline of only six months.

#### Challenge for the team

Unlike typical medicinal chemistry projects, this required a sophisticated understanding of photophysical molecular properties because light is used to trigger an activation mechanism. Extensive photochemistry specific analysis combined with an uncommon ex vivo model were utilised to drive the project to success.

#### Syngene approach

- This represents Syngene's first customised structured activity relationship programme for a combination drug-device therapy
- Since there were no chemists in the client's medical device company, we executed all molecular design, synthesis, and testing
- The cross-functional team of chemists and biologists collaborated on the development and use of a unique ex vivo model measuring molecular cross-linking within fresh pig artery

#### Syngene team

Discovery Chemistry, DC analytical team, *in vivo* pharmacology team

#### Client outcome

We identified the lead molecules advanced further for preclinical evaluation, requiring development of new internal expertise and models, while meeting the client's demanding timeline. The selected lead then transitioned from scale-up to cGMP synthesis for clinical evaluation.

### 2 Research Informatics

#### Requirement from the client

The client required accurate prediction of the protein glycosylation profile in the manufacture of biosimilars.

#### Challenge for the team

The glycosylation profile of a manufactured biosimilar must conform to its reference product in order to gain regulatory approval. Various parameters modulate the glycosylation profile during the manufacturing process. The challenge was to predict the right conditions to selectively achieve the required glycosylation profile.

#### Syngene approach

We developed a computational systems model for simulating glycosylation to capture the kinetics of over 50 transporters, enzymes and other relevant factors in the cell-based production.

#### Syngene team

Research Informatics

#### Client outcome

The model is currently being used by the client to determine optimal parameters for the required glycosylation profile. The client is interested in expanding the model to include other processes and applications.

# Development Services

Maintaining an overview of the interdependencies of each stage of product development helps to drive innovation and expedite time-to-market. Our integrated approach through early-phase product development facilitates the initiation of clinical studies in a fast and effective manner preparing the ground for success in the later stages.



The enhancement and expansion of our development services is in step with evolving client needs. Advances in science and our integrated approach will allow clients to access innovation and manage the complete product lifecycle through one service provider. We aim to be a true partner in product development.

**Dr. Jan-Olav Henck**  
Sr. Vice-President,  
Development Services

## Delivering added value

Aligned with our focus on increasing integration and mirroring the approach of Discovery Services, we have commenced the realignment of Syngene's development services under a single leader. The heads of individual departments are driving integration by leveraging overlaps and knowhow and finding synergies across the Development Services division.

## Chemistry manufacturing and control capability

Our Development Services division includes offerings for drug substance, drug product, toxicology and analytical solutions, along with a clear understanding of quality and regulatory guidelines at each phase of the product lifecycle. Seamless integration of these disciplines has enabled us to establish a successful model for delivering on Chemistry, Manufacturing and Control (CMC) projects. During the year, we made a number of improvements in our CMC capabilities and we took the opportunity to share our expertise on small molecule pharmaceutical development for successful regulatory filing in a webinar titled 'Integrated CMC Strategy for Small Molecules - Early Phase Development'.

## New capabilities

Syngene has proven expertise in formulation development of complex products for both solid orals and injectables. In recent years, these solutions are increasingly being accessed for the development of veterinary drugs as well. Responding to the growing demand, we set up a new GMP-compliant dedicated facility for the development of animal health products equipped to deliver clinical supplies including registration batches. The facility is capable of delivering hard and soft chewable oral solid drugs for animals. Through this facility, we have delivered registration batches which have been approved by the USFDA for commercial use.

Multiple requests for handling of high potency active pharmaceutical ingredients (HPAPI) received in the year reflect the increasing trend of using HPAPIs to develop more effective, better targeted medicines. To ensure that our capabilities are aligned to support this trend, we upgraded our HPAPI laboratory to meet GMP requirements. The upgraded laboratory can help our customers scale up HPAPI in small quantities and subsequently move them to our integrated manufacturing facility to manufacture larger volumes within our campus. The lab is designed to handle cytotoxic, cytostatic high potency compounds up to 0.1 µg/ m<sup>3</sup>- 8h OEL.

As a one-stop shop, we offer services for drug discovery and development, clinical supplies and launch batches. We are broadening our competencies beyond API manufacturing with a new fill-finish facility for injectables for clinical batches covering both small and large molecules. The pilot phase is currently underway.

Other major capability enhancements include: installation of accelerating reaction calorimetry to ensure process safety when scaling up production; digitisation of the Human Pharmacology Unit (HPU) to improve data management and documentation of volunteer data and trial data; installation of a throughput screening platform for reaction screening to enhance the output of the reaction; and establishment of a special molecule testing facility to strengthen the stability and analytical unit. Using text mining, the Clinical Development unit created a bioavailability/bioequivalence studies database to support our clients with enhanced precision in their clinical study projects.

## Delivering innovation

At Syngene, we are proud to harness the power of science and technology to develop therapies that improve the quality of lives. Our commitment to driving innovation while meeting delivery targets was recognised by several clients. One example was the delivery of registration batches for multiple, modified-release tablet formulations of a drug that treats symptoms of multiple sclerosis completed for a Russian client. We partnered in the development of this drug for four years.

## Client engagement

The Development Services Division demonstrated consistent performance during the year. New clients were added across the different services, with offerings provided for multiple modalities. Client profiles in the area of animal health, in particular, were strengthened by entering into two new strategic collaborations, including that with Merck KGaA.

# Development Services

## Innovation case studies

### 1 Chemical Development

#### Requirement from the client

- Process development for the existing 17-step API and deliver 1 kg of the product
- Syngene team to come up with alternate route, if possible

#### Challenge for the team

- Existing 17-step process was very lengthy and had 5 tedious column chromatography purifications
- Overall yield 2.7%; need to convert large amount of materials for delivery
- 1-year timeline to manufacture 1kg of product

#### Syngene approach

- Proposed innovative 6-step route using commercially available key starting material
- Increased overall yield to 11.44% from 2.7% (>400% increased yield); less material conversion
- 50% timeline reduction (6 months vs 12 months)

#### Syngene team

Services from Chemical Development including: Process Research Development, Tech Transfer, Analytical Development Quality Control, Quality Assessment and Manufacturing

#### Client outcome

- Delighted, satisfied customer with continuing relationship
- Patent filed for innovative route including Syngene team
- Increased business for Chemical Development service line and additional business in pipeline

### 2 Chemical Development

#### Requirement from the client

Multiple campaigns for material generation with existing route.

#### Challenge for the team

- Primitive process with high uncertainty and minimal controls for the quality of the material
- Involves non-scalable 4 column chromatographic purifications and non-isolable semi-solid intermediates

#### Syngene approach

Overall yield 8%; need to convert 100 kg of materials to deliver 10kg of product

#### Syngene team

- Developed mild and innovative conditions for tert-butyloxycarbonyl deprotection and Buchwald coupling reaction
- Developed new crystallisation, innovative salt formation process for non-isolable semi-solids and eliminated non-practical four column purifications in order to scale

#### Client outcome

Increased overall yield to 20% from 8% (250% increase); less material conversion (30 kg input for 10 kg delivery)



We are pursuing cutting-edge science utilising the most effective methods of integration to deliver innovation and value to our clients. By doing this consistently across the R&D value chain and continuously raising the bar – for ourselves and the industry, we are creating sustainable value for our stakeholders.

**Ashu Tandon**  
Chief Commercial Officer

## 3 Clinical Development BioAnalytical

### Requirement from the client

Development of high drug responsive ready-to-plate cell banks

### Challenge for the team

During cell bank development, although small cell banks were developed from a parental cell clone, these banks resulted in a decreased response to drug and a high signal to noise ratio. High signal to noise ratio and low drug response and serious variability from experiment to experiment had the potential to demonstrate erroneous results in neutralising antibody assays.

### Syngene approach

Troubleshooting was performed at the cell line development stage to develop cells with high response and better sensitivity for drug neutralisation. Using best cell culture practices and introducing a staging protocol with deprivation of cell growth factors were shown to be important factors impacting developed cells performance.

Maintaining a good cell culture practice and uniform culture passaging, followed by careful and gentle washing steps were essential for performance. Additionally, staging step at 18 hrs demonstrated better cell performance. The hypothesis was that a staging protocol would decrease the stress on cells, thus maintaining the cell machinery and critical cell molecules intact.

The above changes resulted in the development of a responsive cell bank with high response to drug and better assay sensitivity in the neutralisation antibody assay.

In order to better understand T-cell functions and cell processes, high cytokine responsive cells are needed. These cells are a good model to study the mechanism of cytokine response by T-cell clones because of their high responsiveness to IL-2. In conclusion, the cell line and especially generated cell banks provides a model to specifically study T-cell functions *in vitro*.

### Syngene team

Cell culture team from Regulated Bioanalytical Laboratory, Clinical Development Department

### Client outcome

Syngene's protocol for cell bank development was adopted in the client's laboratory since their internal team had failures with their method.

## 4 Data Management and Biostatistics

### Requirement from the client

Using simulation technology, we were to help clients estimate sample size and study design.

### Challenge for the team

Identifying people with domain knowledge and meeting the client's out-of-scope expectations.

### Syngene approach

Supported the study by deploying additional manpower to get desired results.

### Syngene team

Bioanalytical large molecule, Stability team

### Client outcome

End-to-end support to the client helped with the drug approval. By using statistical models the client had greater predictability in the whole planning process.

## Dedicated R&D Centres

**Our Dedicated R&D Centres allow us to offer customised scientific capabilities for clients. The long-term partnerships that we have fostered with four of the world's leading healthcare companies reflect their deep confidence in our scientific expertise across the research and development continuum.**



Our ability to quickly scale up our scientific strength and add new capabilities at our dedicated R&D centres to meet partners requirements are key differentiators.

Continued investments in world-class infrastructure and technology, focus on talent, and a collaborative governance model are major reasons why our strategic alliances go from strength to strength.

**Sanjeev Sukumaran**  
Chief of Staff



Our Dedicated R&D Centres are centres of excellence and act as an extension of the client's own R&D divisions. The infrastructure investments in the Dedicated R&D Centres are for the sole use of our clients' research programmes. Each client has a dedicated team of scientists and support personnel. Depending on a client's internal needs and therapeutic area of research, a multidisciplinary team with in-depth knowledge of the science is selected to work with the client.

Currently, we have four Dedicated Centres for Amgen Inc., Baxter Inc., Bristol-Myers Squibb (BMS), and Herbalife respectively. Over the years, as we continued to invest in infrastructure, technology, logistics, quality controls, regulatory expertise, and project management, we have further strengthened these alliances. In particular, our growing

expertise in leveraging artificial intelligence and machine learning in our research programmes has enabled us to drive efficiency and accelerate drug development in these relationships.

### **Baxter Global Research Centre (BGRC)**

Baxter Inc. and Syngene started their strategic collaboration in 2013 to work together on product and analytical development, pre-clinical evaluation in parenteral nutrition and renal therapy. Since it started, the contract has been extended in both scope and duration. The contract includes R&D of medical products and devices for patients across the world. Aligned with Baxter's growing research requirements, we have expanded the number of scientists and the infrastructure at the dedicated facility.

During FY20, the BGRC team successfully cleared a USFDA audit exclusively for BGRC with no inspectional observations (483s). The collaboration was further expanded in size and scope with addition of scientists in the domains of regulatory gap analysis, nutrition compatibility and analytical testing. Four new stability chambers were also added during the year. Syngene's continued focus on quality and operational excellence helped it achieve all project commitments and KPIs agreed with the client.

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

In 2007, Syngene and Bristol-Myers Squibb entered into a strategic alliance centred on novel research in small and large molecules. The Biocon Bristol-Myers Squibb Research & Development Centre (BBRC) was commissioned the same year. This is not only the largest research facility for Bristol-Myers-Squibb in Asia and an integral part of its global R&D network but also its longest research partnership. At present, about 500 scientists work at the facility. The collaboration has produced nine drug candidates for further study and advanced new compounds for first-in-human studies. The contract has been regularly renewed.

During FY20, BBRC continued to play a pivotal role in supporting BMS on several of its key drug discovery and development programmes on target Identification, lead discovery and lead optimisation all the way through to early stage pharmaceutical development and clinical biomarkers R&D. Syngene's dedicated team of scientists working at BBRC co-authored several scientific articles in peer reviewed journals such as 'Organic Process Research & Development Journal', 'Journal of Psychopharmacology', 'Journal of Medicinal Chemistry' and others.



### **Herbalife Nutrition Research & Development Centre**

In 2016, Herbalife chose Syngene as its strategic research partner to provide support on product development, sensory evaluation and testing, scientific content writing, project management, formulation development, analytical services, stability studies and other related services. The facility is Herbalife's first nutrition R&D centre in India and includes a cGMP laboratory.

During the year, a team of dedicated Syngene scientists, working closely with the Herbalife R&D teams, developed several new categories of products for the Indian market. These include nutritious snacks and ayurvedic tablets which were developed for the first time for Herbalife India. The team also developed several products for the APAC markets. Syngene's operational efficiency initiatives and focus on continuous innovation helped Herbalife achieve a 25% reduction in launch timelines for both the APAC regional projects and those for India.

### **Syngene Amgen Research & Development Centre (SARC)**

In 2016, Syngene entered into a strategic multi-year collaboration with Amgen Inc. Under this collaboration, the focus is on medicinal and process chemistry, biologics, bioprocess, drug metabolism, pharmacokinetics, bioanalytical research and pharmaceutical development. The dedicated research facility is Amgen's only R&D centre in India and includes 185 scientists.

During FY20 in addition to meeting core research and development objectives, the Syngene and Amgen leadership teams worked together to further consolidate the relationship and undertake a robust process review.

# Manufacturing Services

**Pipeline development in next-generation therapies, huge opportunities in contract manufacturing for innovator molecules and new market entrants and start-ups lacking manufacturing capabilities, has increased the demand for contract manufacturing services. At Syngene, we have been making strategic investments to enhance our manufacturing capacity for both small and large molecules, so we can capture a bigger share of this business.**



## Small Molecule Manufacturing

Over the years, many of our client projects have advanced to the Phase III stage and are potential candidates for commercial launch once they receive necessary regulatory approvals. The trust and confidence that we have built with these clients and the extensive process knowledge and understanding that we have gained, puts us in a strong position to partner our clients in the manufacturing stage. Our manufacturing facilities can support the production of developmental batches as well as commercial supplies of these molecules.

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

## Implementing an integrated approach in manufacturing

Our aim is to position Syngene as a leading one-stop shop manufacturer of both API and dose solutions so that clients can meet their complete manufacturing requirements with one contract service provider. A significant step forward was the completion of construction of our commercial scale API manufacturing facility at Mangaluru. This state-of-the-art facility is spread across 40 acres and has successfully executed its first order. It is currently undergoing qualification testing. Post-qualification, the facility will commence operational batches before moving into GMP-scale commercial supplies. Once fully operational, it will boost the Company's commercial-scale manufacturing capacity for small molecules.

## Biologics Manufacturing

Syngene provides state-of-the-art biologics manufacturing infrastructure to ensure the reliable delivery of biopharmaceuticals. Our cGMP manufacturing site located in



We provide end-to-end solutions in biologics - starting from discovery and development right through to product manufacturing. We have invested in advanced manufacturing capabilities to meet the growing demand for new biologic modalities such as novel monoclonal antibodies, oligonucleotides and peptides. Along with our biomanufacturing excellence, our in-depth regulatory expertise and ability to build collaborative relationships enable us to add value to our client projects.

**Dr. Dhananjay Patankar**  
VP – Biopharmaceuticals  
Development



Bengaluru includes a modern, disposables-based mammalian manufacturing facility with multiple 2,000L bioreactors and a microbial manufacturing facility. The facilities are supported by proven processes for efficient, scalable, customised and regulator-compliant commercial manufacturing.

### **New capabilities**

During the year, we initiated several expansion projects to strengthen our capabilities in biologics manufacturing. We completed yeast fermentation in our single-use bioreactor, which will further enhance our services in pharmaceutical development. Our ambr® (250 ml) bioreactors successfully tested in Biologics Process Development upstream for the first time as a new capability. Two new 2,000L bioreactors became operational during the year, further enhancing our capacity. The design review application of the next phase of expansion of our multiple 2,000L bioreactors has been submitted to the USFDA.

Through our capabilities and capacity, we aim to be the partner of choice for commercialisation of new, innovative therapies. The enhancement of our microbial facility is also underway with the 200L and 500L fermenters expected to be operational by June 2020.

### **Client engagement**

The first 2,000L batch was successfully scaled up and executed from our Phase 1 facility during the year. We also released continuous supplies of materials to a global consumer goods company. Another key achievement was concluding the first viral clearance study for a marketing authorisation application for one of India's leading lifesciences company.

Our Biologics manufacturing business continued to experience strong demand and several new clients placed orders for manufacturing services in addition to the renewal of existing contracts. Projects include manufacturing of novel monoclonal antibodies and animal health solutions.

### **Centre for Advanced Protein Studies (CAPS)**

The Centre for Advanced Protein Studies (CAPS) was set up at Syngene's campus, in collaboration with the Biotechnology Industry Research Assistance Council (BIRAC), a government agency supporting start-up biotech companies in India. The Centre is a state-of-the-art GLP accredited analytical laboratory. Spread across an area of 2,000 sq. ft., CAPS is progressing well under the 'Innovate in India' programme of the National Biopharma Mission, Department of Biotechnology, announced by the Government of India.

# Quality Management

Through technology interventions, collaborative strategies and continuous improvement, the Quality function works together in real time to deliver time and cost benefits while meeting quality, safety and regulatory norms.



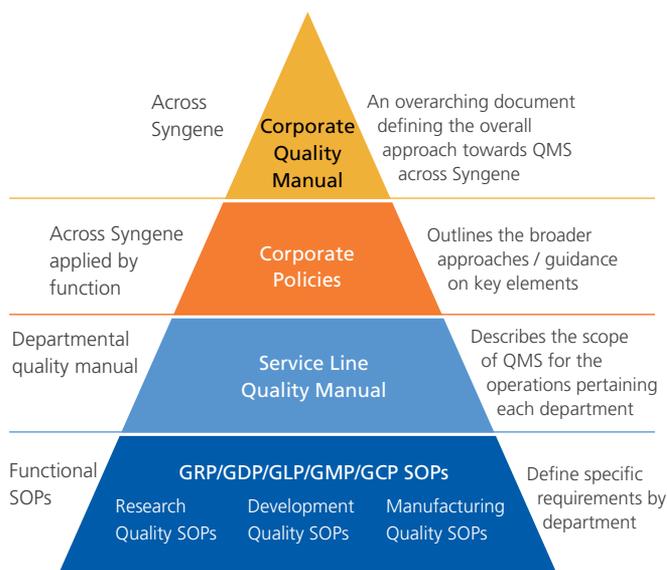
Our commitment to Quality underpins every project and encompasses every employee. We are rigorous about defining and documenting operating processes and uncompromising in our monitoring activities. We know these standards are of the highest importance to clients and regulators and they are central to everything we do at Syngene.

**Alok Mehrotra**  
Chief Quality Officer

Defining, documenting and applying best practice quality standards is a critical element of our operating processes across all operations. We are accustomed to regular scrutiny by clients and we take pride in our track record of successful approvals by key regulatory authorities.

The process of realigning the quality organisation to the new business structure commenced in FY19 was completed in FY20. In-house expertise in key compliance areas of GMP Manufacturing, Discovery & Development, Clinical Studies, Safety Assessment and Quality, was further strengthened by bringing in specialist, experienced professionals.

To ensure the highest standards of quality across the entire organisation, customised procedures have been implemented in each department. At the same time, organisation-wide



corporate policies and a manual to integrate quality systems across all divisions were put in place. New initiatives during the year were aimed at embedding a stronger sense of ownership and accountability for quality and compliance at the bench level. All corrective and preventive actions (CAPAs) generated through internal audits are monitored and tracked by the internal auditors. This year, our Good Research Practice (GRP) guidelines were institutionalised to embed a quality mindset in all our research activities.

The shift towards digitisation increases the resilience of the Quality Management System. During the year, the IT team implemented electronic laboratory notebooks at our new facility in Hyderabad as well as introducing them at our facility in Bengaluru. Improved data security and integrity, standardisation and full traceability of documentation, faster corrective actions and more efficient risk management are some benefits being gained through automated workflows and paperless processes of our system.

### Reinforcing our commitment to compliance

In parallel with driving continuous improvement of our quality systems, we are calibrating our quality audit priorities to match that of regulators. To achieve this, the Internal Audit team regularly reviews regulatory observations in the industry

and proactively conducts internal applicability checks. Our proactive approach to quality has enabled us to sustain our track record in meeting compliance standards. During the year, the Human Pharmacology Unit and a GMP-certified analytical laboratory successfully completed USFDA inspections.

We received approval from the Ministry of Health of the Russian Federation for compliance with current Russian GMP standards. Our viral testing facility received Good Laboratory Practice (GLP) certification from the National GLP Compliance Monitoring Authority (NGCMA), making it India's first and only GLP certified viral clearance study service provider. Our Good Clinical Practice (GCP) facility successfully cleared the audits by USFDA, MHRA and the Brazilian Health Surveillance Agency (Agencia Nacional de Vigilancia Sanitaria - ANVISA). Our GCP Bioequivalence Centre also successfully renewed its accreditation from the Central Drugs Standard Control Organisation (CDSCO), which is under the Drugs Controller General of India (DCGI).

In addition to regulatory inspections, our facilities also regularly hosted client audits during the year. We work on the principle of being 'Anytime audit ready' which not only facilitates the rhythm of audit activity but also demands a positive approach to quality requirements at all times.



#### Good Manufacturing Practices

- USFDA: Analytical Services
- Russian MOH: Small Molecules drug product – no major observations

#### Good Clinical Practices

- USFDA: Human Pharmacology Unit in Clinical Services
- ANVISA: Clinical Services
- MHRA: Clinical Services

#### Good Laboratory Practices

- NGCMA: Viral Testing Facility

# Driving Operational Excellence



Ensuring operational excellence is a way of life at Syngene is among our highest priorities. Every day we renew our commitment to ensure our processes are rigorous and our operating standards are world-class. These standards are kept under constant review and a daily focus on learning and improvement provides the operating heartbeat of the company.

**Dr. Mahesh Bhalgat**  
Chief Operating Officer

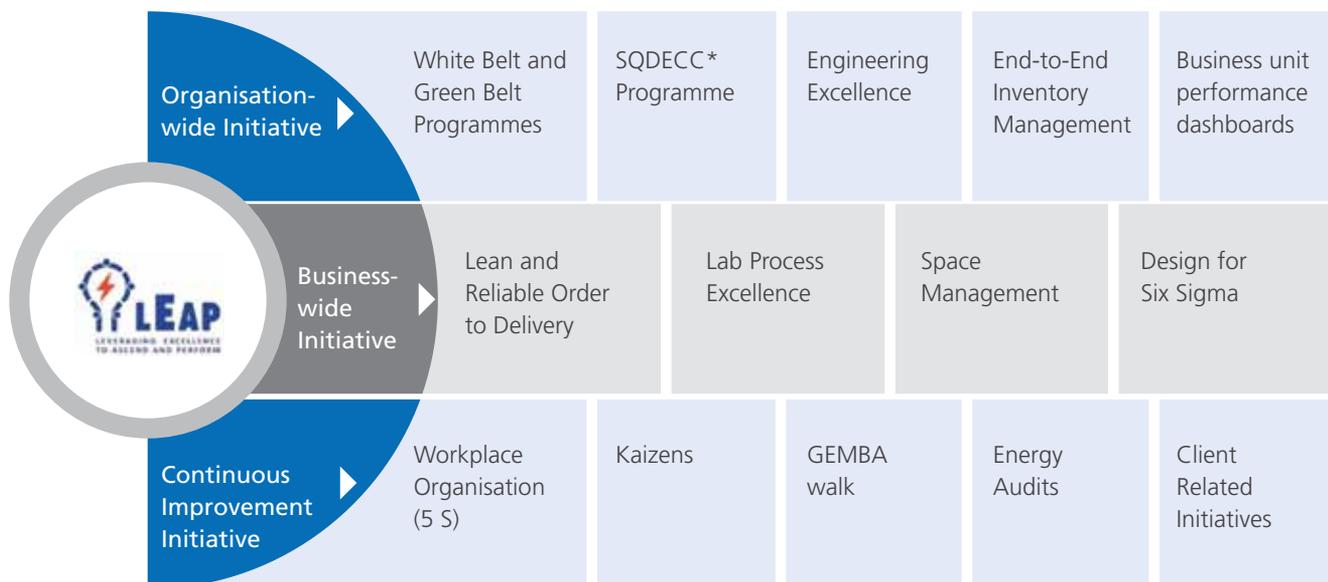
global tools such as Lean, Six Sigma and Kaizens. The aim is to create value for all our stakeholders by reducing operational risk and operating costs and increasing revenues. LEAP encompasses measures to drive efficiency at the organisation level and continuous improvement in all divisions.

A key initiative under LEAP was the integration of different metrics to enable teams to have a unified view of the operational efficiency of their activities by focussing on key dimensions: safety, quality, delivery, engagement, cost and compliance (SQDECC). Daily performance is reviewed through visual dashboards installed at shop-floor level in every department which are used to engage employees in real-time problem-solving and rigorous assessment by department heads. During the year, we installed 47 SQDECC dashboards in laboratories and production areas.

As we continue to grow, we recognise that we must continue to find ways to reduce costs, stay agile, and work faster. Addressing this need, we implemented a new operational excellence initiative called LEAP - **Leveraging Excellence to Ascend and Perform**. The initiative uses well-established

Leaders and team managers conduct regular Gemba walks - an essential part of the Lean management philosophy - to provide a framework for detailed interactions at the shop-floor level in order to resolve problems and drive operational improvements.

## The LEAP initiatives



\*SQDECC – Safety, Quality, Delivery, Engagement, Cost, Compliance



#### What is Gemba Walk ?

The Gemba Walk is an opportunity for all employees to stand back from their day-to-day tasks to walk the floor of their workplace to identify wasteful activities. The objective of Gemba Walk is to gain a detailed understanding of a process by engaging with frontline employees at the place where the process is being delivered.



#### What is Lean?

Lean is a philosophical way of working which emphasises the removal of waste within a process. Core to this philosophy involves the principle that expenditure of resources for any goal other than the creation of value for the end customer is wasteful and therefore should be a target for elimination.

### Building capability

Organisation-wide training on Lean and Six Sigma principles helped to drive energy optimisation, maintenance excellence and laboratory process excellence. During the year, 4,054 employees were Six Sigma White Belt certified and 160 were Green Belt certified. The Green Belt programs helped in achieving engineering excellence (reducing energy costs and improving reliability) and laboratory process excellence (Lean Lab) by applying Lean and Six Sigma methodologies.

We are intensively driving a culture of continuous improvement using the Kaizen methodology: constantly identifying small ways that could lead to incremental results, our employees generated 1,190 Kaizens during the year. Of these, 794 Kaizens were selected for implementation and approximately 80% have already been implemented.

### Implementing workplace organisation (5S concept)

Implementation of the concept of 5S (sort, set in order, shine, standardise, sustain) across the QC labs, stores and the GMP warehouse was used to drive improvement in space management and inventory stock accuracy.

## A PLACE FOR EVERYTHING AND EVERYTHING IN PLACE (5S)

### Objective

Improve workplace organisation by eliminating waste, maximising equipment utilisation, improving productivity and use of data analytics

### Implementation status

- 100% QC employees trained in 5S programme
- 5S implemented successfully across the QC lab
- Process and people activities mapped to identify non-value-added time
- Equipment utilisation study completed
- Lean lab metrics established

### Benefits

- Organised, clean space with all equipment properly labelled
- Set-up time for experiments reduced from 30 to 10 mins
- HPLC utilisation improved by 20%
- 10% improvement in lab productivity (tests/analyst)
- Improved employee morale and on time delivery

# Integration in Enabling Functions

## Integrating digital tools in operations

Aligned with our commitment to drive innovation and deepen client relationships, we continue to adopt new technology and integrate it into our operations. During the year, a range of IT initiatives were undertaken, which have further strengthened our ability to deliver integrated innovation and leverage greater efficiencies.

As part of our digital transformation for the Quality department, we completed the implementation of the second phase of the Quality Management System (QMS) to eliminate paper-based practices and increase digitisation. Online management of QMS processes in turn will improve turnaround time and reduce the risk of non-compliance due to oversight in manually managed processes. A Document Management System (DMS) has also been introduced to provide an online centralised repository for documents.

Besides supporting the core research and development activities, the IT team was actively involved in implementing digital technology in other functions to facilitate information and data exchange, enhance productivity and improve the digital security environment in the organisation. The implementation of an integrated Contract Lifecycle Management (CLM) system will increase visibility for managers through real-time status tracking of contracts, while ensuring protection of confidential information. Real-time monitoring of the status of delivery of consignments to clients has been improved through the implementation of the Logistics Tracking System.

Laboratory Information Management System (LIMS) was another important project undertaken to manage laboratory inventory, equipment and processes. The digitisation of the various laboratory functions drives improvement in overall quality efficiency and regulatory compliance.

Ensuring that our IT infrastructure is reliable and secure is critical as the information we store and share is highly sensitive. In order to assess the robustness of our existing IT infrastructure as well as strengthen it further, an elaborate survey and evaluation was conducted by an independent external agency. Based on the findings of the survey, we developed an information security strategy to ensure that



our security arrangements are in line with best practices. Next-generation firewall, digital rights management, network access control and phishing simulation are some of the strategic initiatives implemented during the year to further enhance our cybersecurity strength. In addition to this, we commissioned periodic vulnerability and threat assessments by external experts. We successfully completed the Information Security Management System audit to receive the ISO 27001:2013 certification.

We also received FDA 21 CFR Part 11 compliance for our Development and Manufacturing businesses as well as the Biologics business, which allows us to use electronic quality records and digital signatures in place of paper-based documentation. This will help us to avoid the risk of human errors, decrease operational costs and improve time-to-market.

## Enhancing supply chain efficiency

As a global scale scientific service provider, Syngene has a large volume of inbound as well as outbound shipments. Timely arrival and despatch of these consignments is critical to ensuring timely progress and delivery of projects. This makes the supply chain an important component in driving seamless operations.



A dedicated team regularly assesses and streamlines our supply chain activities to facilitate seamless, reliable and competitive supplies. The use of e-procurement tools provides real-time visibility of procurement and better allocation of resources. Along with best-in-class processes, strategic sourcing is an important factor to ensure timely delivery and cost optimisation. We have introduced our own temperature-controlled vehicles to carry temperature-sensitive imported materials from the airport to Syngene facilities. An IT-enabled logistics tracking system enables real-time monitoring of shipments resulting in 94% on-time delivery of shipments. Digitisation initiatives have reduced paper consumption by 83%.

An important development of the year was securing the Authorised Economic Operator (AEO) Certification in India. Allocation of separate space earmarked on custodian's

premises, assessment and examination on priority, shorter cargo release time, 24/7 clearances on request at all sea ports and airports in India are some benefits of the certification. Another highlight was achieving the first export shipment from our Hyderabad facility.

An external warehouse for safe storage of routinely used materials, consumables and solvents has been established. This not only improves space utilisation but also helps in enhanced safety due to lower onsite inventories. Regular disposal of obsolete and expired material is carried out diligently to optimise space and reduce storage risk at our facilities. The SAP-integrated Warehouse Management System provides us automated support in managing our stock. The first phase led to notable efficiency gains and we are progressing well on the implementation of the second phase.

# Our Employees

Our priority is to provide an environment that engages our employees and enables them to grow. We encourage life-long learning in technical, leadership and life skills to develop rounded individuals who deliver great science.

**~5,000**  
Total employee base

**>4,200**  
No. of scientists

**60,000**  
Hours of training provided in the year

**23%**  
female employees in total workforce vs 15% in FY16



It is the expertise, training and experience of our employees that enable us to innovate, accelerate and deliver. Just as each client matters, so does every individual working at Syngene. We are committed to ensuring that everyone is given the opportunity to realise their full potential.

**Vinita Shrivastava**  
Chief Human Resources Officer

## Promoting cross-functional collaboration

At Syngene, we promote a culture of continuous learning to help our employees develop cross-functional skills to broaden their experience and open up new opportunities. One example is the Discovery Services Leadership Forum (DSLRF) which was formed during the year to disseminate scientific insights and business developments to a cross-functional audience. It is also a forum to engage with leaders from other departments and enabling functions to discuss best practices and propose ways of fostering enhanced collaboration.

While our employees gain knowledge by working on some of the world's most demanding, cutting-edge scientific projects, we also encourage participation at international and national



seminars and provide access to scientific journals. Syngene offers funding for the Ph.D. studies of eligible employees and this year, a Ph.D. programme was launched in partnership with Merck KgaA and Institute of Bioinformatics and Applied Biotechnology.

Building a unified culture around our values of integrity, excellence and professionalism is an important part of the Syngene employee value proposition. This is underpinned by initiatives to foster a collaborative work environment, remove communication barriers between departments and improve the quality of internal communication and employee feedback.

### Encouraging development of life skills

Training initiatives are guided by the needs of our employees and our expanding businesses. Our learning modules are a combination of fun, interaction and practicality. This year, we launched six new programmes: Business Etiquette, Time Management, Presentation Skills, Effective Interpersonal Skills, Assertiveness in Communication, and Business Writing. Other initiatives included: the introduction of the Syngene Blended Training Model, a programme especially designed for new graduates who join the Syngene Training Academy; and Articulate, the in-house English language training programme. All our training modules are developed internally to ensure that the material is tailored to our business and the specific needs of our employees.

### Growing technical expertise

Technical training for each division is delivered by the Learning and Development team in collaboration with the respective business heads and senior leadership teams. The Learning Management System sits at the heart of training delivery offering self-administered training modules on Customer Centricity, Team Play, Leadership and Beyond and Conflict Resolution.

Besides driving a positive work environment through upskilling and talent management, Syngene launched the 'Recognition of Prior Learning' (RPL) project under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) scheme. This scheme was implemented to assess employees on existing knowledge, skills and competencies and explore training needs to bridge knowledge gaps for the future. To date, 340 employees have completed the assessment. The employees who pass the assessment will be awarded a National Skill Qualification Framework Certificate, Skill Card and Skill India badge from the Government of India.

### Attracting and nurturing talent

As the Company grows, it is important to attract global talent for senior and specialist positions. Strategically, we recognise that introducing new science capabilities plays a critical role in driving innovation for the future and we are building a talent pipeline for key positions. To acquire young local talent, we have relationships with more than 40 renowned Indian science institutes so that we have the opportunity to recruit from their graduation classes. In some cases, our scientists help design the curriculum to ensure students study industry-relevant knowledge and skills.

### Driving wellness at work

Along with our responsibility to provide a safe and hazard-free work environment, we recognise the importance of employee wellbeing. Helping employees to achieve work-life balance, creating comfortable efficient workplaces, offering performance-based remuneration and driving engagement through welfare initiatives are practices that we embrace as a responsible employer. This year, we reinforced our focus on employee wellbeing by introducing a new health policy.

# Integrating Sustainability

We take our responsibilities to our employees, the environment, and our communities very seriously. By choosing to integrate sustainable practices into everything we do, we are working towards a better, safer and greener future for all.

**100%**

Lab Hazard Analysis training delivered to all employees working in laboratories

**12**

million manhours

Without Lost-Time Accident (LTA) on rolling 12 months

**1,000**

KL per month

Reduction in water consumption in FY20



## Promoting health and safety

Our Occupational Health and Safety (OH&S) Management System is ISO 45001 accredited, providing a rigorous backdrop for our actions. Actively involved in ensuring the wellbeing of our people, we provide annual health check-up camps, a well-equipped on-site gym, balanced meals in our cafeterias, a well-supported, modern IT environment to enable efficient working, and transportation facilities for the safety of our employees. With the objective of promoting a healthy lifestyle and an environmentally positive alternative to using vehicles for short distance commute, this year, we promoted the use of bicycles by offering financial assistance for bicycle purchases by employees.

As part of Kavach, our flagship safety programme, regular training is provided to ensure that safe and healthy working becomes second nature to everyone. Kavach extends to not only our employees but also to contract workers, vendors and transporters. This year, all our employees involved in laboratory work were given Lab Hazard Analysis training to sensitise them to various hazards of working in a laboratory, overall more than 27,000 hours of safety training were undertaken during the year. As well as focussing on employees, safety training and awareness programmes were held for vendors, contractors, and transporters to raise awareness of Syngene's safety standards and ensure compliance with safe work practices both within and outside the Company premises. During the year, Kavach celebrated its first anniversary. The focus areas for the programme are: laboratory safety, infrastructure and project safety, process safety and workplace safety. In its first year, considerable improvement across several safety metrics has been achieved including increased incident reporting, reduction of incidents, improved risk control measures and improved general safety perception.

Comprehensive emergency response plans have been established to respond to incidents in a timely way. During the year, periodic drills were conducted on all sites to assess the efficiency of our emergency preparedness and drive continuous improvement. At Biocon Park, the Company's largest site, a trained Emergency Response Team (ERT) and an advanced life support ambulance with paramedic staff is always located on site. In addition, the introduction of a digitised tracking system provides real-time visibility to ERT members facilitating swift action during building evacuation.

Along with strengthening systems and processes, employee engagement activities were also part of increasing awareness about safety. The first safety seminar in association with the Directorate of Factories on Management of Safety and Occupational Health in Industries was organised and other safety events included National Safety Week, National Chemical Disaster Prevention Month (in association with Biocon) and National Road Safety Week.

## Committed to environmental protection

Armed with an ISO 14001 reaccreditation for the Environment Management System (EMS), we are committed to continuously reducing the environmental impact of all our operations with a focus on waste management, water and energy.

Our operations are constantly monitored to identify opportunities to reduce, reuse, and recycle waste. Hazardous waste that cannot be recycled is disposed through incineration to avoid contamination. Overall, we disposed about 1,600 MT of waste in an environment-friendly manner and recycled approximately 355 MT of solid waste. Several initiatives were also taken to stop single-use plastic at our facilities, in line with the global agenda and the Indian government's efforts to reduce plastic waste.

Mindful that water is an extremely precious and limited resource, we have proactively implemented Integrated Water Resource Management. Under this programme, we are improving our efficiency in water usage and management through recycling and other judicious practices. An organisation-wide water conservation policy has been designed and efficiency standards have been set to monitor our water consumption. A dedicated water conservation team is driving projects across the organisation including: the introduction of waterless urinals; installation of aerators to regulate the water flow from taps; active leak detection and repair; use of an integrated water resource management dashboard and a water balance monitoring system. By reusing effluent recycled water at our utilities, we have reduced our water demand by 1000 KL per month. Through effective rainwater harvesting as well as recycling of used water, we conserved 8925 KL water during the year.

Using renewable energy is among the most effective ways to fight the challenge of climate change as well as realising significant cost savings. All new facilities constructed on our campuses have been designed to be energy-efficient and optimise use of natural light. This year, we tied up with a renewable power supplier in line with our long-term plan to harness green energy. Starting September 2019, we started using hydropower energy, facilitated by an exclusive grid service connection. In FY20, we drew 175.8 lakh units of hydropower, helping us to reduce 14,943 tonnes of carbon dioxide emissions.

# Integrating with our Communities

**We believe that a business truly succeeds when it improves the future not just for its direct stakeholders but also for the larger community. The five focus areas of our Corporate Social Responsibility programme create a roadmap of holistic progress for those most in need.**

## Outcomes

# 84,600

People benefited from eLAJ Smart Clinic services, a special NCD camp in Bengaluru, and screening for NCD in Dimapur

# 130

Master resource persons trained in life skills and first-aid modules, and they will build the capacity of about 5,000 district resource persons



# 17,500

Exposures (face-to-face interactions of 2-3 hours each) for male and female students through our Mobile Science Lab, which paid 179 visits to government schools

# 612

Cases of counselling by Parihar from the beginning of the programme in January 2020, and 392 cases reconciled and settled amicably

At Syngene, we utilise our core expertise in science, technology, and data analytics to get effective outcomes from our Corporate Social Responsibility initiatives. These range from community clinics equipped with smart technology, to a Mobile Science Lab and digital literacy lessons for school children, to drawing up of nutritious meal plans for pregnant women and new mothers. Our target is to improve the overall mental and physical well-being of these communities, while giving them life skills, confidence-building guidance, vocational training and more, so that they acquire the tools to go forth on their own strength and make a better life, a better society.

Initiatives undertaken during the year focussed on five key areas: healthcare, nutrition, education, women's empowerment, and rural development. We worked with vulnerable groups in the states of Karnataka, Telangana, and Nagaland. Our programmes allow for collective decision-making, planning, and implementation, prioritising the needs and expectations of the community.



## Healthcare

Our eLAJ Smart Clinic programme has vastly improved the quality of service offered by 20 primary health centres (PHCs) run by the Karnataka government. We have introduced an electronic patient record system at these PHCs and ensured better screening and diagnostic services for evidence-based care. The dashboard created by eLAJ gathers real-time data for analysis by our in-house medical team.

This support to the PHCs complements the three smart clinics run by the Biocon Foundation in the Bengaluru Urban area. These clinics provide services for early detection and management of diabetes, hypertension, common cancers, and comorbidities. They deal with health issues specific to women, children, and the elderly through targeted health camps.

In addition, we identified the high burden and limited infrastructure for the management of non-communicable diseases (NCDs) in Nagaland, and set up an NCD clinic at a community health centre in Medziphema, Dimapur. Our approach involves raising awareness, door-to-door screening, treatment and control.

To enhance mental health care in the country, the Biocon Foundation has partnered with the National Institute of Mental Health and Neurosciences, aiming for: the development of a mental health resource kit for informal care and self-care; improving communication with the elderly by screening them for hearing loss and making provision for hearing aids and addressing technology addiction amongst teenage students.

## Nutrition

We have worked to improve maternal health and infant survival rates by creating nutritious meal plans and providing meals to pregnant and lactating women and young children through Anganwadi centres in Sangareddy, Telangana. The supply of nutrition in the early years can make a huge difference to children's lives, and our efforts in this area include distributing mid-day meals in some Bengaluru schools to improve child health and educational achievement.

## Education

We have developed interactive modules for first-aid and other life skills, to be implemented on 'No Bag Days' for government schools in Karnataka, investing in the professional development of master trainers and teachers.

Under our programme 'CHAMPS' (Child Health Activists Mentoring & Promoting Health in Society), school students are trained as health activists to create awareness in the community and inculcate good habits like maintaining a healthy diet and physical activity.

We take learning to the children with our Mobile Science Lab, which is equipped with more than 100 scientific instruments and models, and encourages experiential learning. Students of 14 government schools in Anekal, Bengaluru, benefited from this Lab.

Our programme Aata Paata Wadi consists of an after-school learning centre at Ashrama School, Tithimathi, Kodagu. It works to enrich the knowledge of English and digital literacy, besides providing an opportunity to engage in sports activities, art and crafts, and life skills. Also, various government schools in Karnataka have received computers, tablets and projectors under our digital literacy drives.

## Women's empowerment

We support Parihar, an initiative of Bengaluru City Police, to counsel and rehabilitate women and children in distress. Workshops under this programme sensitise police personnel on the correct way to communicate with this highly vulnerable group and know their legal rights. Awareness sessions are conducted in schools and colleges about women's rights, and vocational training is provided to women.

## Rural development

To build the right environment for learning in rural areas, we are refurbishing and constructing buildings, classrooms, sanitation, and other facilities at schools and Anganwadis in Dakshina Kannada district, Karnataka.

# Dealing with the pandemic

The ongoing novel coronavirus or COVID-19 outbreak has spread across all parts of the globe and the World Health Organisation has declared it as a global pandemic. Markets across the world are reeling under the pressures of a massive slowdown as a result of the reduction in the economic activities. Syngene is facing these challenges by redefining the way it operates.

## Proactive initiatives to protect employees and operations

Before the pandemic took on serious proportions in India, Syngene, had initiated and implemented measures to increase the safety of our employees as well as protect our laboratories. These measures were rolled out across our facilities during March and April 2020.

Even before a nationwide lockdown was announced by the Union Government of India on March 25, 2020, the Company introduced the option to work from home for employees whose job profile enabled them to operate remotely. We also introduced shift operations for those employees who were required to work on site to reduce the density of employees on site and promote physical distancing.

During the initial phase of the nationwide lockdown, we temporarily suspended all operations except for a core team focussed on ensuring all our facilities were held in a safe state ready for a smooth restart. We invoked our business continuity plan and rapidly implemented multiple measures to enhance the safety of our employees while protecting our facilities and critical operations.

## Four-pronged strategy to combat COVID-19



As part of our comprehensive plan, we implemented a four-pronged COVID-19 preparedness strategy.

### Information and awareness

We continuously disseminated information to our employees about COVID-19 and its impact on our business through different channels such as a dedicated microsite on the corporate intranet, daily SMS, videos, leadership messages, virtual townhalls and internal advisories. We reinforced the importance of personal hygiene and physical distancing measures through our communications to sensitise employees and reduce the risk of spreading the virus. Employees were told to self-certify and self-isolate at home and apply for Sick Leave, if showing symptoms of COVID-19 and were entitled to 28 days sick leave if confirmed positive.

### Employee and contractor safety

In addition to carrying out deep cleaning and regular sanitisation and fumigation, strict protection measures were introduced across all our facilities. Physical distancing was managed by modifying work areas in laboratories, offices and cafeterias. The Company increased the transport fleet to ensure one person per double seat and, in order to restrict movement of employees around the site, we divided our main research and development facility at Biocon Park into twelve zones, each with a designated walkway, entry-exit points and a cafeteria.

Apart from the mandatory Personal Protective Equipment (PPE), face masks were provided to all onsite employees along with detailed guidelines on use and disposal. Looking to the future, we purchased adequate supply of PPEs, face masks, hand sanitisers and disinfectants for the foreseeable future. All employees were required to monitor their body temperature twice every day and record it online in the COVID-19 microsite using the digital thermometer provided to each employee. This recording was monitored daily to identify any variation in body temperature and identify any potential early onset of COVID-19 symptoms. Employees and visitors were required to undergo thermal temperature scanning at the main



gate prior to entering the campus. The onsite Occupational Health Centre (OHC) as well as members of the EHSS teams followed all COVID-19 protocols and were prepared to meet any emergency.

### Business continuity

We made extensive use of IT solutions during the lockdown. While many people in our enabling functions will continue to work from home throughout this year, the use of IT tools will maintain connectivity and collaboration in a secure environment. We provided laptops to 300 employees who previously worked at desktops. We also installed software on 2,700 smart mobile phones to enable easy engagement and collaboration even without a laptop. Remote IT assistance was available to all users operating remotely.

The supply chain management team worked with our regular and alternative vendors to ensure uninterrupted supply of raw materials, as well as with customs and freight forwarders to ensure seamless movement of inbound and outbound shipments. We built up stocks of critical materials to avoid short-term interruptions of supplies and we have continued to carry out periodic assessments to ascertain the impact of any potential delay or disruption. We coordinated with government

agencies, industry bodies and airline authorities to manage timely imports, exports, and customs clearance. Space in airlines was pre-booked for smooth cargo movement and all incoming shipments were disinfected.

The Learning and Development team used the lockdown period to conduct training programmes for specific groups of employees. Various online and e-modules were rolled out for employees, along with scheduling a scientific webinar series led by subject matter experts. Over 30,000 training person/hours of learning were provided in the lockdown period.

### COVID-19 research

The Company has used its scientific expertise and world-class resources to support and contribute in the fight against COVID-19 in India and elsewhere. At the onset of the pandemic, we repurposed one of our laboratories to set up an RT-PCR based COVID-19 testing laboratory. The RT-PCR method is currently the definitive method for testing approved by the Indian Council of Medical Research (ICMR). Research efforts also focussed on development of RT-PCR reagents to reduce the cost per test. The facility was approved by ICMR and a dedicated team of specially trained scientists test the samples received from hospitals in Bengaluru. Testing has been provided free of charge.

Syngene also indigenously developed an ELISA kit that is highly reliable and identifies the presence of SARS-COV-2 antibodies in blood samples and confirms if a patient has been exposed to the coronavirus. It has collaborated with HiMedia Laboratories to manufacture and distribute these ELISA kits. The Company also partnered with Pune-based, Mylab Discovery Solutions, to supply reagents for use in their indigenously developed testing kits. Syngene has a large-scale oligonucleotide facility which was repurposed to support this partnership.

### Potential impact on operations

The pandemic had a relatively small positive impact on Q4 FY20 as some clients accelerated work ahead of their own lockdowns. However, Q1 FY21 will show a direct impact from complete/partial suspension of operations during April and May.

As the world continues to grapple with the COVID-19 pandemic, the Company has been careful to operate in an extremely safe manner to protect employees and minimise the impact on client projects. Syngene will continue to use its scientific prowess and resources to contribute in the fight to beat the COVID-19 virus, as we work to evolve new ways of engaging with clients – both new and old.

# Board of Directors



**Kiran Mazumdar Shaw**

*Non-Executive Chairperson*

Ms. Shaw is a first-generation entrepreneur with over 45 years of experience in the field of biotechnology. She is a recipient of 'Padma Shri' and the 'Padma Bhushan' awards. She was also conferred with the highest French distinction – Chevalier de l'Ordre National de la Légion d'honneur in 2016. She is ranked #1 in the Business Captains category in Global 'Medicine Maker Power List' 2018. She was honoured with the Order of Australia, Australia's highest civilian award and was named EY Entrepreneur of the year for India in 2019. She is also the Chairperson of Biocon Limited, Independent Director on the Board of Infosys, United Breweries Ltd and Narayana Hrudayalaya.



**Jonathan Hunt**

*Managing Director and Chief Executive Officer*

Mr Hunt has an MBA from Durham University, United Kingdom, with over 30 years of experience in the global biopharmaceuticals industry. At Syngene, he is responsible for leading the Company's business operations and steering its investments in developing and strengthening its capabilities and capacity. Prior to joining Syngene, he held leadership positions at AstraZeneca for over a decade, including President and Director of AstraZeneca, Austria, and President and Chief Operating Officer, AstraZeneca, India.



**Dr Bala S. Manian**

*Independent Director*

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



**Dr. Carl Decicco**

*Independent Director*

Dr Decicco serves as the Chief Scientific Officer in Foghorn Therapeutics. Prior to joining Foghorn Therapeutics in 2018, he served as the Head of Discovery at Bristol-Myers Squibb (BMS). He also serves as a Member of the Advisory Committee at Allied-Bristol Life Sciences, LLC. He completed post-doctoral studies with Professor EJ Corey at Harvard University, was a teaching fellow at the University of British Columbia and obtained his Ph.D. with Professor Gordon Lange in Organic Chemistry from the Guelph-Waterloo Centre in Ontario, Canada. At Syngene, he is a member of the Nomination and Remuneration Committee.



**Professor Catherine Rosenberg**

*Non-Executive Director*

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



**John Shaw**

*Non-Executive Director*

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



**Paul Blackburn**

*Independent Director*

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



**Sharmila Abhay Karve**

*Independent Director*

Ms Sharmila Abhay Karve is a Fellow of the Institute of Chartered Accountants of India. She retired as audit partner from Price Waterhouse in June 2019. During her tenure in Price Waterhouse, she was an engagement partner with several large Indian and multinational clients. She was appointed as the Chief Ethics Officer. In 2009, she was appointed as the Assurance Leader of the firm and was elevated to the role of Assurance Risk & Quality Leader in April 2012. In her last role as Global Diversity Leader since December 2016, Ms. Karve focussed her efforts on bringing more diversity throughout the PwC network. At Syngene, she is a member of the Audit Committee and Risk Management Committee and Chairperson of the Stakeholders Relationship Committee.



**Dr Vijay Kuchroo**

*Independent Director*

Dr Kuchroo has a doctorate in Pathology from the University of Queensland, Australia. He is also the Samuel L. Wasserstrom Professor of Neurology at the Harvard Medical School, Senior Scientist at the Brigham and Women's Hospital and Institute Member at the Broad Institute of MIT and Harvard, all in the United States. Dr. Kuchroo has won many awards for the discovery of TIM-3 'checkpoint' molecules for cancer immunotherapy and Th17 cells in induction of autoimmunity. Dr Kuchroo holds 25 patents and has published over 325 research papers in immunology. He is a member of the scientific advisory boards of leading pharmaceutical companies including Pfizer, Sanofi and GSK. He has founded five biotech companies including CoStim Pharmaceuticals and Tempero Pharmaceuticals. At Syngene, Dr Kuchroo is a member of the Nomination and Remuneration Committee and the Corporate Social Responsibility Committee.



**Vinita Bali**

*Independent Director*

Ms Bali is a global business leader with extensive experience in leading and transforming large companies both in India and overseas. She served as Chief Executive Officer & MD of Britannia Industries from 2005 to 2014. Prior to that, she worked in multinationals including The Coca-Cola Company and Cadbury Schweppes Plc in a variety of marketing, general management and chief executive roles in the UK, Nigeria,

South Africa, USA and Chile. At present, she is a Non-Executive Director on the global boards of Smith & Nephew Plc, Bunge Limited, Cognizant Technology Solutions and CRISIL Ltd in India. At Syngene, she is a member of the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee and the Risk Management Committee.

# Executive Committee



**Jonathan Hunt**

*MD and CEO*

Mr Hunt has an MBA from Durham University, United Kingdom, with over 30 years of experience in the global biopharmaceuticals industry. At Syngene, he is responsible for leading the Company's business operations and steering its investments in developing and strengthening its capabilities and capacity. Prior to joining Syngene, he held leadership positions at AstraZeneca for over a decade, including President and Director of AstraZeneca, Austria, and President and Chief Operating Officer, AstraZeneca, India.



**Dr Mahesh Bhalgat**

*Chief Operating Officer*

Dr Bhalgat holds a Ph.D. in Medicinal Chemistry from the University of Utah, United States, and a bachelor's degree in Pharmacy from the University of Mumbai. He has over 25 years of experience in both biotechnology and biologics. Dr Bhalgat has worked in different areas of R&D including analytical development, technology transfer, regulatory sciences and quality. During his career, he has been associated with companies such as Celera Genomics, Molecular Probes, Monsanto and Amgen. Prior to joining Syngene, he was the Chief Operating Officer at Shantha Biotechnics, a Sanofi company, where his responsibilities included operations and long-term strategic planning and development. As Chief Operating Officer and a member of the Executive Committee at Syngene, he is responsible for operational efficiency, safety, quality and compliance.



**Sibaji Biswas**

*Chief Financial Officer*

Mr Biswas is a certified Chartered Financial Analyst from ICFAI and holds a B.Tech from IIT-Kharagpur. With an MBA from University of Calcutta he has also completed Management Development Programs at the Indian Institute of Management (IIM), Ahmedabad and London Business School. He has over 20 years of extensive experience in finance and related functions. His prior experience includes working with Vodafone (Romania), Vodafone (India), Hutchison Essar Limited, Fascal Limited, and the ABP Group. Prior to joining Syngene, he was the CFO and a member of the Board at Vodafone (Romania). At Syngene, he oversees the finance, supply chain, legal, secretarial and IT functions and as a member of the Executive Committee, he plays an important role in driving strategy, improving profitability, identifying new opportunities, improving cash generation and enabling organisational growth.



**Alok Mehrotra**

*Chief Quality Officer*

Mr Mehrotra holds an M. Tech in Chemical Technology (Food Technology) from Harcourt Butler Technological Institute. He has over 25 years of experience spread across Manufacturing Operations, Quality Assurance, Sustainability/EHS, Production and Supplier Technical Assurance across varied industries. Over the years, Mr Mehrotra has worked with leading corporates including Godrej Foods and Beverages Ltd., PepsiCo Foods India and Reckitt Benckiser. In his last assignment as Head of Operations Excellence, EHS and Sustainability at Dr. Reddy's Laboratories, he put in place an integrated Quality Management System to monitor the quality of external suppliers and vendors. As Syngene's CQO, Mr Mehrotra leads the Quality and Compliance function and is responsible for initiatives to further strengthen our track record in quality and compliance.



**Ashu Tandon**

*Chief Commercial Officer*

Mr Tandon holds a BA (Economics) degree from the University of Delhi, India as well as a Post Graduate Diploma in International Marketing from the Delhi School of Economics. He completed his MBA at IMT Ghaziabad, India and has over 20 years experience in the global biopharmaceuticals industry including Sales and Account Management across consulting & outsourcing services in Research & Development. Prior to joining Syngene, he held leadership roles at IQVIA (formerly

QuintilesIMS), Infosys and Accenture. Mr Tandon is based out of New Jersey and has global responsibility for Syngene's commercial activities, including leading the business development team as well as developing new capabilities in marketing, brand building, digital & account management. As a member of the Executive Committee, he plays an important role in driving strategy as it relates to Commercial activities.



**Dr Jan-Olav Henck**

*Sr. Vice President – Development Services*

Dr Henck holds a doctoral degree from the Faculty of Natural Science, Leopold-Franzens University, Innsbruck and postdoc studies at the Department of Chemistry, Ben-Gurion University of the Negev, Israel. He has over two decades of experience across both small and large molecule pharmaceutical development, including API and drug product work from late lead optimisation to commercialisation. He is also experienced in drug formulation production under cGMP conditions. His prior experience includes working with SSIC Inc and Aptuit LLC. Prior to joining Syngene, he was the Vice President and Head of Formulations Development at Bayer AG. He has over twelve research publications and several patents to his credit. As a member of the Executive Committee, he oversees the development value chain connecting upstream discovery service programs that transition into downstream development programs and support smooth transition into commercial manufacturing.



**Dr Kenneth Barr**

*Sr. Vice President – Discovery Services*

Dr Barr holds a Ph.D. in Synthetic Organic/ Organometallic Chemistry from Massachusetts Institute of Technology and has pursued his Postdoctoral study in natural product synthesis from the University of Texas. He has over two decades of experience in drug discovery for both small and large molecules and has been associated with organisations like Merck, Amplyx Pharmaceuticals Inc. and Sunesis. Prior to joining Syngene, Dr Barr was the Head of R&D Strategic Global Operations at FORMA Therapeutics, where he was responsible for driving research effectiveness through optimisation of internal and external R&D research efforts, providing alliance management for key CRO relationships. As a member of the Executive Committee at Syngene, he is responsible for the strategy and operations of the Discovery Services Division.



**Sanjeev Sukumaran**

*Chief of Staff*

Mr Sukumaran is a Mechanical Engineer and holds a management degree from the Indian Institute of Management (IIM), Kozhikode and has done an Executive Leadership Program at INSEAD, Singapore. He has nearly 25 years of experience in the areas of strategic management, business advisory, sales and marketing, business development, client relationship management and team management across a range of sectors including healthcare, life sciences, financial services, software and IT, FMCG, big data, supply chain management, e-commerce and shipping. Prior to joining Syngene, he has held multiple senior level positions at Thomson Reuters and was also the former CEO of Force Fulcrum Solutions Pvt. Ltd. As the Chief of Staff, Sanjeev is a member of the Executive Committee (EC) and is responsible for driving key strategic initiatives across the organisation.



**Vinita Shrivastava**

*Chief Human Resources Officer*

Ms Shrivastava holds a post-graduate degree in Management from Barkatullah University, India and School of Industrial and Labour Relations, Cornell University (USA), she has over two decades of experience in the HR domain. Her prior experience includes working with Saska Technologies Limited, HCL

Technologies and Harman International Inc. where she was the CHRO for India and Senior Director for Global Mobility. As a member of the Executive Committee and CHRO, Vinita spearheads initiatives to strengthen leadership development and enhance the employee value proposition in the company.

# Corporate Information

## Company Secretary and Compliance Officer

Priyadarshini Mahapatra

## Registered Office

### Syngene International Limited

Biocon SEZ, Biocon Park, Plot No. 2 & 3  
Bommasandra Industrial Area,  
IV Phase Jigani Link Road  
Bengaluru - 560 099, Karnataka, India  
Tel: (+91 80) 6891 5000  
E-mail: investor@syngeneintl.com  
Website: www.syngeneintl.com

## Statutory Auditors

### B S R & Co. LLP

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

## Registrar and Share Transfer Agents

### KFin Technologies Private Limited (formerly known as Karvy Computershare Private Limited)

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

## Secretarial Auditors

### V. Sreedharan & Associates

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

# Board's Report

## Dear Members,

On behalf of the Board of Directors (the 'Board'), it's our immense pleasure to present the 27<sup>th</sup> Annual Report of your Company, along with the Audited Financial Statements and Auditors' Report for the Financial Year ended March 31, 2020. We have always believed that the power of partnerships has helped to unlock long-term value for our stakeholders. With an intense focus on fostering our relationships through investments in customer relations, scientific talent, infrastructure, quality, safety systems, logistics, supply chain, information technology and social welfare, we are confident of bolstering our position as a respected and relevant integrated research, development and manufacturing services provider.

## Financial Review

Your Company's standalone performance during FY20, compared to the previous year is summarized below.

Particulars	(Rs. in Mn)	
	March 31, 2020	March 31, 2019
Total revenue	20,935	19,007
Total expenditure	13,952	12,900
Profit before Depreciation, Finance Costs, Exceptional Items and Tax Expense	6,983	6,107
Less: Depreciation & Interest	2,539	1,965
Profit before Exceptional Items and Tax Expense	4,444	4,142
Add: Exceptional Item	713	-
Profit before tax	5,157	4,142
Less: Tax Expenses	1,042	835
Profit for the year	4,115	3,307
Other Comprehensive Income	(1,916)	(702)
<b>Total Comprehensive Income</b>	<b>2,199</b>	<b>2,605</b>

Key highlights of the Company's financial performance during FY20 are as follows:

- Revenue increased by 10% (from Rs. 19,007 Mn to Rs. 20,935 Mn)
- Earnings before interest tax depreciation and amortisation (EBITDA) increased by 14% (from Rs. 6,107 Mn to Rs. 6,983 Mn)
- Profit after tax increased by 24% (from Rs. 3,307 Mn to Rs. 4,115 Mn)

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

## Operational Review

During the year, the Company's investments in capacity enhancements and capability integration across its Discovery and Development Services enabled it to offer more innovative, sophisticated and value-added solutions to its global clients, as

well as deliver greater value for its stakeholders. By remaining committed to innovation, talent development, quality standards, safety, regulatory compliance and cost optimisation, the Company successfully partnered its clients on their scientific programmes. The Company also strengthened its marketing and client outreach programs by initiating new activities. All this helped not only in driving integrated innovation but also in expanding its client base as well as expanding engagement with existing clients.

During the year, Syngene's Discovery Services business recorded strong growth. We opened a new, state-of-the-art research and development facility in Genome Valley in Hyderabad, India. The first phase comprises 50,000 sq. ft. of laboratory space and houses around 150 scientists. We extended our biologics discovery and preclinical research capabilities in CAR-T therapy, an innovative cell-based approach to treating cancer. Several projects covering hypothesis-testing and validation of new biological targets as well as the exploration of novel mechanisms related to CAR-T therapies are underway. Bioinformatics and Cheminformatics, previously operating as separate units, were combined into Research Informatics and have developed

an Artificial Intelligence (AI) platform for multiparameter optimisation of small molecules.

Development Services also recorded robust growth during the year. Mirroring the success of the Discovery Services business, the division initiated a restructuring activity to bring all units under a single leadership. We set up a new dedicated facility for the development of animal health products and upgraded our HPAPI laboratory to meet GMP requirements. We are also setting up a new fill-finish facility for injectables for clinical batches covering both small and large molecules.

We are also actively extending our capabilities beyond clinical development and initial launch supplies to commercial scale manufacturing. During the year, we completed the construction of our API manufacturing facility at Mangaluru, India. The state-of-the-art facility is spread across 46 acres and has successfully executed its first order. It is currently undergoing qualification testing to prepare for GMP operations.

The Centre for Advanced Protein Studies (CAPS) was set up at Syngene's campus in 2019, in collaboration with the Biotechnology Industry Research Assistance Council (BIRAC), a government agency supporting start-up biotech companies in India. The Centre provides a state-of-the-art GLP accredited analytical laboratory.

Adherence to quality and compliance is one of the cornerstones of Syngene's success. The Company diligently complies with global regulatory requirements and continues to impress regulatory authorities and auditors with the quality of its facilities and its adherence to various GxP requirements. During the year, Syngene cleared multiple client and regulatory audits including from USFDA, Russian Health Ministry amongst others.

### **Subsidiary Company/Joint Venture**

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

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

### **Dividend**

In line with the dividend policy approved by the Board, the Company has regularly declared a dividend over the last few years. However, owing to the uncertainty created by the unprecedented circumstances of the COVID-19 pandemic, the Board of Directors deemed it prudent not to declare a dividend for FY20 in order to prioritize cash and maintain liquidity.

In compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("SEBI Listing Regulations"), the dividend policy of the Company is available on the Company's website at <https://www.syngeneintl.com/investor-relations/corporate-governance>. A copy of this is annexed to this Report as Annexure 2.

### **Related Party Contracts or Arrangements**

There were no materially significant related party transactions entered between the Company, Directors, management and their relatives. All the contracts, arrangements and transactions entered by the Company with the related parties during FY20 were in the ordinary course of business and on an arm's length basis. Accordingly, particulars of contracts or arrangements with related parties referred to in section 188(1) along with the justification for entering into such a contract or arrangement in Form AOC-2 does not form a part of the Report.

The Company has formulated the policy on 'Materiality of Related Party transactions and on dealing with Related Party Transactions' and this is available at <https://www.syngeneintl.com/investor-relations/corporate-governance>

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

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

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

### **Transfer of Unpaid and Unclaimed Dividends to Investor Education and Protection Fund**

The Ministry of Corporate Affairs under Sections 124 and 125 of the Companies Act, 2013 requires dividends that are not encashed/ claimed by the shareholders for a period of seven consecutive years, to be transferred to the Investor Education and Protection Fund (IEPF). In FY20, there was no amount due for transfer to IEPF.

### **Change in the Nature of Business**

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

### **Loans, Guarantees or Investments**

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

### **Deposits**

During the FY20, the Company did not accept any deposits covered under Chapter V of the Companies Act, 2013.

## Credit Rating

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

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

## Paid-Up Capital

During the financial year, the paid-up share capital of the Company was increased from Rs. 2,000 Mn to Rs. 4,000 Mn w.e.f. June 13, 2019. This increase was pursuant to the issue of bonus shares in the ratio of 1:1 to the shareholders.

## Material Changes and Commitments

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

## Human Resources

Syngene's employees form the backbone of the Company. Their knowledge, technical competence and innovative capabilities harness the power of science to meet ever-increasing client expectations. As on March 31, 2020, the Company had 4,946 full-time employees, including 4,240 scientists. This diverse talent pool of scientific and non-scientific professionals and continued investments in developing their capabilities, supports the business in achieving sustainable growth. In FY 20, your Company was conferred the 'National Best Employer Brand Award 2019' by the World HRD Congress for its robust and effective HR and people management system, contributing significantly to talent management and development. The Company is committed to empowering employees by nurturing their technical capabilities and career ambitions to maximise the strategic value that they add to the business.

## Particulars of Employees

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

Particulars of Employees' Remuneration, as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report. Considering the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the said information, is being sent to the shareholders of the Company and others entitled thereto. The information is available for inspection at

the registered office of the Company during working hours up to the date of the ensuing Annual General Meeting (AGM). Any shareholder interested in obtaining such information may write to the Company Secretary in this regard.

## Employee Stock Option Plan /Restricted Stock Units Plan

The Board of Directors of the Company had formulated the Syngene Employee Stock Option Plan 2011 which was approved by the members of the Company on December 14, 2011 and further ratified by the members subsequent to the IPO on December 05, 2015. The Plan is administered by the Syngene Employee Welfare Trust ("the Trust") under the instructions and supervision of the Nomination and Remuneration Committee (NRC). The Trust had subscribed to 6,680,000 equity shares of the Company on October 31, 2012. The NRC, on various occasions, has granted options to eligible employees of the Company through the Trust. During the financial year, there was no change in the Plan, which complies with SEBI (Share Based Employee Benefits) Regulation, 2014. During FY20 a total of 703,978 options were granted to eligible employees and 550,631 equity shares were transferred to eligible employees by the Syngene Employee Welfare Trust on exercise of stock options. The details of the Plan forms part of the notes to accounts of the Financial Statements in this Annual Report.

The shareholders, at the 26<sup>th</sup> AGM of the Company held on July 24, 2019 have approved the "Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020" (hereinafter referred to as "the RSU Plan") designed to drive performance to achieve the Board approved strategic plan. The RSU Plan covers key employees who, by virtue of the roles they play, would influence the accomplishment of the Strategic Plan. The RSU Plan will be implemented by the Trust. The shareholders have also approved at the 26<sup>th</sup> AGM the issue and allotment of further equity shares to the Syngene Employee Welfare Trust over a period of time for the purpose of implementation of the Plan. No RSUs have been granted as on March 31, 2020 under the RSU Plan.

The Company has obtained a certificate from the statutory auditors of the Company that both the plans have been implemented in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 and are in accordance with the resolution passed by the shareholders. As required under Regulation 14 of the above-mentioned Regulations, the applicable disclosure as on March 31, 2020 is annexed to this Report as Annexure 5.

## Corporate Governance Report

Syngene's Corporate Governance report is a reflection of its robust values-led culture encompassing professionalism, integrity and excellence, which has been a key enabler in building stakeholders' trust, attracting and retaining financial and human capital and meeting societal expectations. The Company's corporate governance framework focuses on

adequate and timely disclosures, transparent and robust accounting policies and a strong and independent Board to maximize shareholders' benefits.

The Company's report on corporate governance for the Financial Year ended March 31, 2020 as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) forms part of the Annual Report.

## Auditors' Certificate on Corporate Governance

As required under Schedule V(E) of SEBI Listing Regulations, the auditors' certificate on compliance with the requirement of corporate governance is enclosed as Annexure 6 to this Report. The auditors' certificate for FY20 does not contain any qualification, reservation or adverse remarks.

## Directors

### I. Appointment

During the financial year, Sharmila Abhay Karve (DIN: 05018751) and Dr Carl Decicco (DIN: 08576667) have been appointed as the Independent Directors (Additional Directors), subject to regularisation by shareholders at the ensuing AGM. The Board approved the appointment of Jonathan Hunt (DIN: 07774619), who was the Wholetime Director and Chief Executive Officer of the Company up to March 31, 2020, as the Managing Director and Chief Executive Officer w.e.f. April 01, 2020, subject to approval of shareholders. Kiran Mazumdar Shaw (DIN: 00347229), who was the Chairperson and Managing Director of the Company up to March 31, 2020, transitioned into the position of Non-Executive Chairperson (Additional Director) with effect from April 01, 2020, also subject to approval of the shareholders at the ensuing AGM. The above appointments have been placed before the shareholders for regularisation at the 27<sup>th</sup> AGM of the Company.

### II. Re-appointment

The shareholders, at the AGM of the Company held on July 28, 2017, had appointed Dr Vijay Kuchroo (DIN: 07071727) as an Independent Director for a tenure of three years commencing from the date of appointment i.e. March 01, 2017 until the conclusion of the forthcoming AGM. Vinita Bali (DIN: 00032940) was appointed as an Independent Director by the shareholders at their AGM held on July 25, 2018 for a tenure of three years commencing from the date of appointment i.e. July 31, 2017 until the conclusion of the forthcoming AGM. The Nomination and Remuneration Committee at its Meeting held on May 11, 2020 on the basis of performance evaluation of Independent Directors has recommended to the Board that continued association of Dr Vijay Kuchroo

and Vinita Bali as Independent Directors of the Company would be beneficial to the Company. The decision was made based on the external business environment, the business knowledge, acumen, experience and the substantial contribution made by Dr Vijay Kuchroo and Vinita Bali during their tenure.

Based on the above and the performance evaluation of Independent Directors, the Board recommends the re-appointment of Dr Vijay Kuchroo and Vinita Bali as Independent Directors of the Company, not liable to retire by rotation, to hold office for a second term of five years from conclusion of the 27<sup>th</sup> AGM until the conclusion of 32<sup>nd</sup> AGM proposed to be held in 2025.

### III. Retirement

John Shaw shall (DIN: 00347250) retire by rotation at the ensuing AGM and being eligible offers himself for re-appointment. The Board recommends his re-appointment and the same forms part of the Notice for the 27<sup>th</sup> AGM.

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

## Key Managerial Personnel

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel (KMP) of the Company are Jonathan Hunt, Managing Director and Chief Executive Officer (*w.e.f. April 01, 2020*) (*formerly the Wholetime Director and Chief Executive Officer up to March 31, 2020*), Sibaji Biswas, Chief Financial Officer (*w.e.f. December 18, 2019*) and Priyadarshini Mahapatra, Company Secretary (*w.e.f. July 24, 2019*).

Kiran Mazumdar Shaw, who was the Chairperson and Managing Director of the Company up to March 31, 2020, transitioned into the position of Non-Executive Chairperson with effect from April 01, 2020. Jonathan Hunt was elevated from the position of Wholetime Director and Chief Executive Officer to the Managing Director and Chief Executive Officer in terms of the provisions of Section 203 of the Companies Act, 2013 w.e.f. April 01, 2020.

Mayank Verma demitted office as the Company Secretary and Compliance Officer of the Company from the close of business hours on May 24, 2019. Priyadarshini Mahapatra was appointed as the Company Secretary and Compliance Officer of the Company in terms of the provisions of Section 203 of the Companies Act, 2013 effective from July 24, 2019.

Sibaji Biswas succeeded Chinappa M B as the Chief Financial Officer of the Company in terms of the provisions of Section 203 of the Companies Act, 2013 with effect from December 18, 2019 after Chinappa M B moved to another role within the Biocon Group.

## Policy on Directors' 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 Company's Policy on Directors' Appointment and Remuneration, including the criteria for determining qualifications, positive attributes, independence and other matters, as provided under Section 178(3) of the Companies Act, 2013 is formulated by the Board on the recommendation of the Nomination and Remuneration Committee(NRC). The Policy was reviewed and updated by the Board on NRC's recommendation at its meeting held on May 12, 2020 to align it with the amendments in law and to include the details of sitting fees to be paid to the Non-executive Chairperson for attending the meetings of the Board. The Policy has been uploaded on the website of the Company and is accessible at <https://www.syngeneintl.com/investor-relations/corporate-governance>.

## Declaration by Independent Directors

The Company has received declarations from all the Independent directors of the Company confirming that they meet with the criteria of independence as prescribed under section 149 (6) & (7) of the Companies Act, 2013 and SEBI Listing Regulations. The Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs for the inclusion of their names in the data bank of Independent directors within the due date.

## Board Diversity

A diverse Board enables efficient functioning through its access to broad perspectives, diverse thought processes underpinned by a range of industrial and management expertise, gender, knowledge and geographical origins. 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 <https://www.syngeneintl.com/investor-relations/corporate-governance>.

## Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, the annual performance of the Board, its Committees, Chairperson and Individual Directors including Independent Directors was evaluated as per the criteria laid down by the Nomination and Remuneration Committee. The evaluation details have been laid down in the Corporate Governance report that forms part of this Annual Report. The outcome of the Board evaluation for FY20 was discussed by the Independent Directors, Nomination and Remuneration Committee at their respective meetings held on May 11, 2020 and the Board at its meeting held on May 12, 2020.

## Number of Meetings of the Board

The Board met 5 (five) times during the year under review. The details of Board meetings and attendance of the Directors is provided in the Corporate Governance Report.

## Audit Committee

The Audit Committee has reviewed the accounts for the year ended March 31, 2020. The Board accepted all recommendations made by the Audit Committee.

The members of the Audit Committee are Paul Blackburn (Chairperson), Vinita Bali and Sharmila Abhay Karve, Independent Directors. The list and composition of the various other Board-level Committees are provided in the Corporate Governance Report.

## Adequacy of Internal Financial Control

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

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

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

## Risk Management Policy

In compliance with Regulation 21 of the SEBI Listing Regulations, the Board of Directors has duly constituted the Risk Management Committee ("the Committee") to oversee the enterprise-wide risk management framework.

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

## Directors' Responsibility Statement

Based on the framework of internal financial controls established and maintained by the Company, work performed by the internal, statutory and secretarial auditors, reviews performed by the management and the relevant Board Committees, the Board, in concurrence with the Audit Committee, is of the opinion that the Company's internal financial controls were adequate and effective as on March 31, 2020.

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

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit 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 23<sup>rd</sup> AGM held on June 30, 2016, to hold office from the conclusion of 23<sup>rd</sup> AGM till the conclusion of 28<sup>th</sup> AGM proposed to be held in 2021. The Auditors' Report on the Financial Statements of the Company for the year ended March 31, 2020 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the Financial Statements and forms part of the Annual Report.

### Internal Auditors

The Board at its meeting held on October 22, 2019 has re-appointed M/s. Ernst & Young LLP as the Company's Internal Auditors for a further period of three years i.e., up to September 30, 2022.

## Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013, the Board had appointed M/s. V. Sreedharan & Associates, Practicing Company Secretaries, as Secretarial Auditors to conduct the Secretarial Audit of the Company for FY20. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark and is annexed to this Report as Annexure 7.

Pursuant to the SEBI circular vide no. CIR/CFD/CMD/1/27/2019 dated February 8, 2019, the Annual Secretarial Compliance Report, issued by M/s. V. Sreedharan & Associates, Practicing Company Secretaries is attached as Annexure 8 to this Report and shall also be submitted to the stock exchanges where the shares of the Company are listed.

## Reporting of Fraud by Auditors

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

## Extract of Annual Return

In compliance with Section 92 and Section 134 (3)(a) of the Companies Act, 2013 read with applicable Rules made thereunder, the extract of Annual Return is available at the Company's website <https://www.syngeneintl.com/investor-relations/latest-report-filings> and also annexed to this report as Annexure 9.

## Management Discussion and Analysis Report

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

## Corporate Social Responsibility

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

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

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

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

## Business Responsibility Report

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

## COVID-19 Pandemic

The world-wide outbreak of the novel coronavirus (COVID-19) has adversely affected the global economy. Various measures taken to contain the spread of the virus, including travel restrictions, nation-wide lockdowns and closure of non-essential services have resulted in an economic slowdown. The Company, as many other companies globally, is facing unprecedented challenges in these testing times. The potential impact on the operations together with the proactive initiatives undertaken and the strategy adopted by the Company to protect employees from infection have been separately provided in the Business Review Section of the Annual Report under the caption "Dealing with the Pandemic".

## Whistle Blower Policy/Vigil Mechanism

The Company's Whistle Blower policy allows employees, Directors and other stakeholders to report genuine grievances, corruption, fraud, misconduct, misappropriation of assets, and non-compliance of code of conduct of the Company or any other unethical practices. The Policy provides adequate safeguard against victimisation to the whistle blower and enables them to raise concerns to the Integrity Committee and provides an option of direct access to the Chairman, Audit Committee. Syngene has engaged "In Touch India, Ernst & Young" to provide an online platform to raise complaints by the whistle blowers. During FY20, none of the personnel have been denied access to the Chairman of the Audit Committee.

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

## Disclosure Under Section 22 of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal), Act, 2013

Syngene has a strict Prevention of Sexual Harassment Policy (POSH) in accordance with the statutory requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy is applicable to all employees including the Company's contractual employees. The Company is committed to providing a workplace that is free from discrimination, harassment and victimisation, regardless of gender, race, creed, religion, place of origin, sexual orientation of a person employed or engaged with the Company. The Internal Committee ('IC') has been constituted to consider and redress all complaints of sexual harassment at workplace. Employee sensitisation programmes on POSH were conducted during the year. In FY 20, we have received a total of 3 complaints of which 2 have been resolved and 1 was open as on March 31, 2020 (received in March 2020).

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

During FY20, there have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

## Statutory Disclosures

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

## Compliance with Secretarial Standards

During the year under review, the Company has complied with the provisions of applicable secretarial standards, issued by The Institute of Company Secretaries of India (ICSI).

## Green Initiative

We request all the shareholders to support the 'Green Initiative' of the Ministry of Corporate Affairs and Syngene's continued endeavours for greener environment by enabling service of Annual Report, AGM Notice and other documents electronically to your email address registered with your Depository Participant/ Registrar and Share Transfer Agent. We also request all the investors whose email ID is not registered to take necessary steps to register their email ID with the Depository Participant/ Registrar and Share Transfer Agent.

## Acknowledgments

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

We also thank the Government of India; the Government of Karnataka; the Ministry of Information Technology and Biotechnology; the Ministry of Commerce and Industry; the Ministry of Finance and Corporate affairs; the Department of Scientific and Industrial Research; Central Board of Indirect Taxes and Customs; the Reserve Bank of India; the Central Board of Direct Tax; SEZs (Special Economic Zones), BIRAC (Biotechnology Industry Research Assistance Council) and all other government agencies for their support during FY20 and look forward to their continued support in future.

For and on behalf of the Board

Place: Bengaluru  
Date: May 12, 2020

**Kiran Mazumdar Shaw**  
Chairperson  
DIN: 00347229

## Annexure-1 Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 Read with Rule 5 of Companies (Accounts) Rules, 2014)

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

(Rs. In Mn)

Sl. No	Particulars	
1.	Name of the subsidiary	Syngene USA Inc.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency	USD
4.	Exchange rate on March 31, 2020	75.34
5.	Share capital	USD 50,000
6.	Reserves & surplus	16.45
7.	Total assets	46.65
8.	Total liabilities	26.44
9.	Investments	-
10.	Turnover	103.72
11.	Profit before taxation	9.43
12.	Provision for taxation	3.19
13.	Profit after taxation	6.24
14.	Proposed dividend	-
15.	% of shareholding	100
16.	Country	USA

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

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

## Annexure 2 Dividend Distribution Policy

### Introduction

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

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

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

### Objective

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

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

### Guidelines

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

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

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

### Other Procedures

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

2. The Company shall notify in advance to the stock exchange(s) where the securities of the Company are listed and also after the meeting of its Board of Directors at which the declaration of dividend is to be considered.
3. On declaration of the dividend, the Company shall notify stock exchange(s) for the record date or book closure date as the case may be and determine the shareholders eligible for the dividend.
4. The payment of declared dividend will be processed with the help of Registrar & Share Transfer Agents and the banks.
5. The final dividend needs the approval of shareholders at the Annual General Meeting.
6. In case of unpaid or unclaimed dividend, the Company shall prepare the statement of unclaimed dividend and the same shall be uploaded on Company's website at: [www.syngeneintl.com](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 a crucial factor for taking a dividend declaration decision and determining the dividend distribution amount.

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

### Classes of shares

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

### Disclosure

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

### Amendments and updations

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

### Annexure 3

#### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

(Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2020)

Power and Fuel Consumption Details	FY 20	FY19
<b>1. Electricity</b>		
<b>a) Purchased</b>		
Million Unit	56.55	51.36
Total amount (Rs. Mn)	458.10	412.89
Rate/Unit (Rs.)	8.10	8.08
<b>b) Captive generation</b>		
HSD Quantity, KL	825.30	608.48
Million Units	3.11	2.20
Units / Litre	3.77	3.62
Cost/Lit (Rs.)	64.11	63.51
Generation cost, Rate / Unit (Rs.)	17.00	17.57
<b>2. Steam</b>		
<b>a) Furnace Oil</b>		
HSD Quantity, KL	2.63	22.97
Total amount (Rs. Mn)	0.18	1.64
Average rate (Rs.)	68.26	71.44

#### Technology Absorption, Adoption and Innovation

No Technology was imported by the Company during the year.

#### Energy Conservation details:

Sl. No.	Energy conservation measure	Investment (Rs.) Mn	Energy saved per Annum	
			Unit	(Rs.) Mn
1	Replaced energy efficient EC blowers (Electronically Commutated) in place of conventional AHU Blowers.	3.4	257352	2.1
2	Replaced CFL lamps in S19 & S14 with energy efficient LED lamps	1.3	73529	0.6
3	Organized energy audit engaging M/s TERI. Replaced high capacity cooling tower and chilled water circulation motors with energy efficient motors.	3.9	453431	3.7

(Rs. in Mn)

Foreign exchange earnings and outgo for the year*	FY 20	FY 19
Foreign Exchange Earnings	18,476	16,413
Foreign Exchange Outgo	5,287	6,188

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

Date: May 12, 2020  
Place: Bengaluru

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

## Annexure 4

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

(1) Ratio of the remuneration of each Director/Key Managerial Personnel (KMP) to the median remuneration of all the employees of the Company for the Financial Year 2019-20:

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for FY 2019-20 (Rs. In Mn)*	% increase in remuneration in the Financial Year 2019-20	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	-	-	-
2.	Jonathan Hunt, CEO <sup>#</sup>	66.32	40.48	92.11
<b>Non-Executive Directors</b>				
3.	John Shaw	1.87	325.00	2.59
4.	Prof. Catherine Rosenberg	3.35	183.89	4.65
<b>Independent Directors</b>				
5.	Russell Walls**	0.79	NA	1.09
6.	Dr Bala S Manian	3.49	25.54	4.85
7.	Paul Frederick Blackburn	3.85	7.54	5.35
8.	Suresh N Talwar**	0.79	NA	1.09
9.	Dr Vijay Kuchroo	2.37	(29.67)	3.29
11.	Vinita Bali	2.84	58.66	3.94
12.	Sharmila Karve <sup>§</sup>	1.92	NA	2.67
13.	Dr Carl Decicco <sup>§</sup>	1.88	NA	2.61
<b>Key Managerial Personnel</b>				
14.	Chinappa MB, CFO (upto Dec 17, 2019)	34.32	NA	47.66
15.	Sibaji Biswas, CFO <sup>#</sup> (w.e.f. Dec 18, 2019)	9.82	NA	13.64
16.	Mayank Verma, CS (Upto May 24, 2019)	0.67	NA	0.93
17.	Priyadarshini Mahapatra, CS (w.e.f. July 22, 2019)	3.25	NA	4.51

\*The remuneration paid to directors includes sitting fees and is based on the position they occupied in the various committees and meetings attended by them during the FY20.

\*\*ceased to be a Director with effect from July 24, 2019.

<sup>#</sup>Appointed as a Director with effect from August 01, 2019.

<sup>§</sup>Appointed as a Director with effect from October 01, 2019

The above details are on accrual basis.

The remuneration does not include perquisite value on account of stock options.

#### Notes:

(1) The ratio of remuneration to median remuneration is based on remuneration paid during the period April 01, 2019 to March 31, 2020.

Median remuneration of all the employees of the Company for the Financial Year 2019-20 Rs. 719,354 p.a

The percentage increase in the median remuneration of employees in the Financial Year 13.73%

The number of permanent employees on the rolls of Company as on March 31, 2020 4,946

(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 9.9%. Percentile increase in managerial remuneration is higher due to mix of fixed and variable pay reflecting short and long-term performance objective.

(3) Affirmation

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

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

Date: May 12, 2020

Place: Bengaluru

## ANNEXURE 5

### 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.

#### 1. Syngene Employee Stock Option Plan – 2011:

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 Executive Directors of the Company. The ESOP Plan-2011 was approved by the shareholders at an Extra Ordinary General Meeting held on December 14, 2011. The trust subscribed 6,680,000 equity shares (Face Value of Rs.10 per share) of the Company by using the proceeds from an interest free loan of Rs.150 million availed from the Company, adjusted for the consolidation of shares and bonus issue. Subsequent to Syngene's listing, the ESOP Plan-2011 was ratified by the shareholders via postal ballot on December 5, 2015. During the year the Company made a Bonus Issue of equity shares in the ratio of 1:1, pursuant to which the Trust was allotted 1,976,055 shares under the Plan. Consequently, necessary adjustments were also made to the options granted to the employees. As at March 31, 2020, the Trust holds 3,463,425 (March 31, 2019 - 2,038,001) equity shares of face value Rs.10/- each. During the year ended March 31, 2020, the Trust has transferred 550,631 (March 31, 2019– 1,027,963) equity shares to the employees who has exercised their stock options.

#### Grant

Pursuant to the Scheme, the Company has granted options to eligible employees of the Company under ESOP Plan - 2011. Each option entitles the holder to 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 were exercisable at an exercise price of Rs.22.50 per share before the allotment of Bonus Shares. However, post Bonus, unexercised options (whether vested, unvested and yet to be granted) shall be exercisable at Rs.11.25 per share after appropriate adjustments as approved by the shareholders through Postal Ballot held in June 2019. The face value of the equity shares is Rs.10 per share.

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

Sl. No.	Particulars	Status of compliance
1	The Board of Directors in their report shall disclose any material change in the scheme(s) and whether the scheme(s) is / are in compliance with the regulations.	There were no material changes in the scheme and the scheme is in compliance with the regulations.
A	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.	Yes - Disclosed in Notes to Accounts – Refer note 33 in Standalone Financial Statements for the year ended March 31, 2020
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 in Standalone Financial Statements for the year ended March 31, 2020

**C Details related to ESOS** As detailed above

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 post listing on December 5, 2015 via Postal ballot.   |
| (b) | Total number of options approved under ESOS          | 6,680,000 equity shares   |
| (c) | Vesting requirements                                 | The options under each tranche will vest in the ratio of 25%, 35% and 40% at end of second, third and fourth year from the date of each grant respectively. |
| (d) | Exercise price or pricing formula                    | Rs. 22.50 before Bonus issue and Rs. 11.25 after Bonus Issue (for unexercised options whether vested, unvested and yet to be granted) in FY 2019-20.        |
| (e) | Maximum term of options granted                      | Vesting period – as per (c) above<br>Exercise period – 3 years from date of each vesting  |
| (f) | Source of shares (primary, secondary or combination) | Primary shares  |
| (g) | Variation in terms of options                        | None  |
- (ii) Method used to account for ESOP - Intrinsic Fair Value or 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.

<b>Option movement during the year:</b>		<b>2013#</b>	<b>2014#</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Syngene Employee Stock Option Plan – 2011</b>								
	Number of options outstanding at the beginning of the period	204,245	17,823	719,316	117,250	100,100	188,054	-
	Number of options granted during the year	-	-	-	-	-	-	703,978
	Number of options granted pursuant to Bonus Issue during the year	170,673	9,040	696,535	111,450	100,100	187,754	7,635
	Number of options forfeited / lapsed during the year	-	-	16,866	21,070	24,000	31,812	-
	Number of options vested during the year	170,673	9,040	542,625	109,680	50,050	-	-
	Number of options exercised during the year	214,205	26,863	203,833	82,680	23,050	-	-
	Number of shares arising as a result of exercise of options	214,205	26,863	203,833	82,680	23,050	-	-
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	-	-	-	-	-	-	-
	Loan repaid by the Trust during the year from exercise price received (Rs. in Million)							0.09
	Number of options outstanding at the end of the year	160,713	-	1,195,152	124,950	153,150	344,596	711,613
	Number of options exercisable at the end of the year	160,713	-	437,528	18,698	21,000	-	-
	<i>#Pre-IPO Grants</i>							
(v)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Yes - Disclosed in Notes to Accounts – Refer note 33 in Standalone Financial Statements for the year ended March 31, 2020.						
(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;	Mahesh Bhalghat- Chief Operating Officer: 430,920 options Sanjeev Sukumaran- Chief of Staff: 32,100 options						
	(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	None						
	(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						

D. Details related to ESPS - Not Applicable

E. Details related to SAR - Not Applicable

F. Details related to GEBS / RBS - Not Applicable

G. Details related to Trust

(i) General information on schemes

Sl. No.	Particulars	
1	Name of the Trust	Syngene International Limited Employees Welfare Trust
2	Details of the Trustee(s)	Murali Krishnan KN Nandakumar Krishnchar
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	Nil
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, 2019 - 2,038,001.
- (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 – 1,976,055 (On account of Bonus Issue during the year)
- (c) Number of shares transferred to the employees / sold along with the purpose thereof - 550,631.
- (d) Number of shares held at the end of the year i.e. March 31, 2020 (a +b-c) – 3,463,425

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

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

## 2. Syngene International Limited- Restricted Stock Unit Long Term Incentive Plan FY 2020

The Board of Directors has approved the **Syngene International Limited- Restricted Stock Unit Long Term Incentive Plan FY 2020** to be administered by the Syngene Employee Welfare Trust ('Trust') for the benefit of the employees and Executive Directors of the Company. This Plan was approved by the shareholders at the 26<sup>th</sup> Annual General Meeting of the Company held on July 24, 2019. In pursuance of the Plan, the Trust shall be allotted shares through fresh issue by using the proceeds of the loan of such amount not exceeding 1.67% of the paid-up capital and free reserves at any point of time, provided by the Company. As at March 31, 2020, the Trust does not hold any shares under the Plan.

### Grant

Under the Plan, the Company shall grant Restricted Stock Units (RSU) to eligible employees. The Company has not granted any RSUs to employees under the said Plan during the year. Each RSU shall be entitled for one equity share. The options will vest in the following manner:

The vesting of RSUs for eligible Employees with grant date on June 01, 2020 shall be as per the following schedule:

Date	% of RSUs Vested
June 01, 2021	20%
June 01, 2022	20%
June 01, 2023	30%
May 31, 2024	30%

The vesting of RSUs for eligible Employees who have been granted RSUs after June 01, 2020 but on / before June 01, 2021 shall be as per the following schedule:

Date	% of RSUs Vested
June 01, 2022	20%
June 01, 2023	40%
May 31, 2024	40%

The vesting of RSUs for eligible Employees who have been granted RSUs after June 01, 2021 but on/ before June 01, 2022 shall be as per the following schedule:

Date	% of RSUs Vested
June 01, 2023	30%
May 31, 2024	70%

The vesting of RSUs for eligible Employees who have been granted RSUs after June 01, 2022 but on/ before March 31, 2023 shall be as per the following schedule:

Date	% of RSUs Vested
May 31, 2024	100%

Employees who join the Company after March 31, 2023, shall not be eligible for any grant under this scheme.

The actual vesting schedule of the grantee will be clearly defined in their grant letter. The Exercise period for the vested RSUs will be 3 (three) years from the date of respective vesting or time period as set forth in the Grant Letter (not exceeding 10(ten) years from the date of respective vesting). The actual number of RSUs Vesting for the Grantee shall be linked with the key parameters measured through growth in revenue and profits, delivering on key strategic initiatives and shareholders value creation and such other conditions as may be determined by the Committee and mentioned in the Grant Letter or as may be separately communicated to the grantee.

The options are exercisable at the face value under this Plan.

**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 were no material changes in the scheme and the scheme is in compliance with the regulations.
<b>A</b>	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.	-
<b>B</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	-
<b>C</b>	<b>Details related to ESOS</b> A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including <b>Syngene Employee Stock Option Plan - 2011</b>	As detailed above
	(a) Date of shareholders' approval	July 24, 2019.
	(b) Total number of options approved under ESOS	6,680,000 equity shares
	(c) Vesting requirements	As mentioned above
	(d) Exercise price or pricing formula	Face Value i.e. Rs. 10/- per share
	(e) Maximum term of options granted	Vesting period – As mentioned above Exercise period – The Exercise period for the vested RSUs will be 3 (three) years from the date of respective vesting or time period as set forth in the Grant Letter (not exceeding 10(ten) years from the date of respective vesting).
	(f) Source of shares (primary, secondary or combination)	Primary shares
	(g) Variation in terms of options	None

(ii) Method used to account for ESOP - Intrinsic or fair value. Fair Value

(iii) Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.

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

**Syngene International Limited- Restricted Stock Unit Long Term Incentive Plan FY 2020** 2019

Number of options outstanding at the beginning of the period -

Number of options granted during the year -

Number of options forfeited / lapsed during the year -

Number of options vested during the year -

Number of options exercised during the year -

Number of shares arising as a result of exercise of options -

Money realized by exercise of options (INR), if scheme is implemented directly by the company -

Loan repaid by the Trust during the year from exercise price received (Rs. in Million) -

Number of options outstanding at the end of the year -

Number of options exercisable at the end of the year -

(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.

(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; Nil

(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and Nil

(c) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant. Nil

**D. Details related to ESPS - Not Applicable**

**E. Details related to SAR - Not Applicable**

**F. Details related to GEBS / RBS - Not Applicable**

**G. Details related to Trust**

**(i) General information on schemes**

Sl. No.	Particulars	
1	Name of the Trust	Syngene International Limited Employees Welfare Trust
2	Details of the Trustee(s)	Murali Krishnan KN Nandakumar Krishnchar
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	Nil
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 01, 2019 - NA.
- (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 - Nil.
- (d) Number of shares held at the end of the year i.e. March 31, 2020 (a +b-c) – Nil

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

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

## Annexure 6 Independent Auditor's Certificate on Corporate Governance

To

The Members of Syngene International Limited

The Certificate is issued in accordance with the terms of our engagement letter dated 15 February 2019 along with related addendum dated 20 April 2020 with the Company.

We have examined the compliance of conditions of Corporate Governance by Syngene International Limited ("the Company"), for the year ended 31 March 2020, as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time, pursuant to the Listing Agreement of the Company with Stock exchanges.

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

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

### Auditor's Responsibility

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

Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2020.

We conducted our examination of the corporate governance compliance by the Company as per the Guidance Note on Reports or Certificates for Special purposes (Revised 2016), Guidance Note on Certification of Corporate Governance both issued by the Institute of Chartered Accountants of India

("ICAI") and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

### Opinion

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

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

### Restriction on Use

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

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

*Chartered Accountants*

Firm registration number: 101248W/W - 100022

**Sampad Guha Thakurta**

*Partner*

Membership Number: 060573

UDIN Number: 20060573AAAABK5683

Place: Bengaluru

Date: 12 May 2020

## Annexure 7

### Form No. MR-3

### Secretarial Audit Report

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

#### For the Financial Year Ended March 31, 2020

To,  
The Members  
**Syngene International Limited**  
Biocon SEZ ,Plot.No.2 & 3, Phase IV,  
Jigani Link Rd, Bommasandra Industrial Area,  
Bengaluru - 560099

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, 2020 (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.

There was no Overseas Direct Investment done by 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, 2018;
  - 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, 2018; (**Not Applicable to the Company during the Audit Period**); and
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi) Other Laws Applicable Specifically to the Company namely:
  - a) Drugs and Cosmetics Act 1940.
  - b) Bio Medical Waste (Management & Handling) Rules, 1998.
  - c) ICH Guidelines (this is the base on which US FDA/ EU Guidelines etc. are created on).

- d) UCPMP (Currently voluntary – however proposed to be made mandatory).
- e) National Biodiversity Act 2002.
- f) Drugs & Magical Remedies (Objectionable Advertisements) Rules, 1955.
- g) Narcotic Drugs and Psychotropic substance Act.
- h) Drugs (Control) Act, 1950.
- i) Ethical Guidelines for Biomedical Research on Human Participants, 2006.
- j) The Poisons Act, 1919.
- k) Prevention of Cruelty to Animals Act, 1960 and the Breeding of and Experiments on Animals (Control and Supervision) Rules, 1998.
- l) Atomic Energy Act, 1962 and Atomic Energy (Radiation Protection) Rules, 2004.
- m) Radiation Protection Rules, 1971.
- n) Radiation Surveillance Procedures for Medical Application of Radiation, 1989.

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

- a) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.
- b) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

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

We further report that:

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

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

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

Based on the review of systems and processes adopted by the Company and the Statutory Compliance self-certification by the Managing Director of the Company which was 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 as per the list of such laws as mentioned above in Point No. vi of para 3 of this report.

The following events/actions were having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc., during the audit period:

- a) The Company has allotted 20,00,00,000 Equity Shares of Rs. 10/- each to the members by way of Bonus issue in the ratio of 1:1.
- b) Dr Kiran Mazumdar Shaw has stepped down from the office of Managing Director of the Company with effect from 31.03.2020 and subsequently has been appointed as an Additional Director and Non-Executive Chairperson of the Company with effect from 01.04.2020.
- c) The Board has appointed Mr. Jonathan Hunt, who was the Wholetime Director and Chief Executive Officer of the Company as the Managing Director and Chief Executive Officer with effect from 01.04.2020.

For **V. SREEDHARAN & ASSOCIATES**  
**(Devika Sathyanarayana)**  
 Partner  
 ACS: 16617; CP No.17024

Place: Bengaluru  
 Date: 04.05.2020  
 UDIN: A016617B000197765

## Annexure 8

### Secretarial compliance report of Syngene International Limited for the year ended March 31, 2020

We have examined:

- a) all the documents and records made available to us and explanation provided by **Syngene International Limited** ("the listed entity");
- b) the filings/ submissions made by the listed entity to the stock exchanges;
- c) website of the listed entity;
- d) any other document/ filing, as may be relevant, which has been relied upon to make this certification;

for the year ended March 31, 2020 ("Review Period") in respect of compliance with the provisions of:

- a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

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

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not Applicable to the Company during the Audit Period);
- e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit Period);

- g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013 (Not Applicable to the Company during the Audit Period);
- h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- i) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

- a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.
- b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.
- c) There was no action taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.
- d) The listed entity was not required to take any actions as there was no observations made by the Practicing Company Secretary (Secretarial Auditors) in previous reports.

For **V. SREEDHARAN & ASSOCIATES**

*Company Secretaries*

**(Devika Sathyanarayana)**

Partner

ACS: 16617; CP No.17024

Place: Bengaluru

Date: 04.05.2020

UDIN: A016617B000197842

**ANNEXURE 9**

**MGT-9  
EXTRACT OF ANNUAL RETURN**

**REGISTRATION & OTHER DETAILS:**

1. CIN	L85110KA1993PLC014937
2. Registration Date	November 18, 1993
3. Name of the Company	Syngene International Limited
4. Category/Sub-category of the Company	Company limited by Shares
5. Address of the Registered office & contact details	Biocon SEZ, Biocon Park, Plot. No. 2 & 3, Bommasandra Industrial Area, IV Phase, Jigani Link Road, Bommasandra Bengaluru – 560099 Contact : Tel +91 80 6891 5000 Email : <a href="mailto:investor@syngeneintl.com">investor@syngeneintl.com</a>
6. Whether listed company	Yes
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	<b>Kfin Technologies Private Limited</b> Plot 31-32, Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Contact : Tel +91 40 6716 1517; Email : <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>

**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	70.24%	2(87)
2	Syngene USA Inc.	NA	Subsidiary	100%	2(87)

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

### 1. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year <sup>(1)</sup> [As on April 01, 2019]			No. of Shares held at the end of the year <sup>(2)</sup> [As on March 31, 2020]			% Change during the year	
	Demat	Physical	Total	Demat	Physical	Total		% of Total Shares
<b>A. Promoters</b>								
<b>(1) Indian</b>								
a) Individual/ HUF	19,728	-	19,728	37,456	-	37,456	0.01	
b) Central Govt	-	-	-	-	-	-	-	
c) State Govt(s)	-	-	-	-	-	-	-	
d) Bodies Corp.	140,487,386	-	140,487,386	280,974,772	-	280,974,772	70.24	
e) Banks / FI	-	-	-	-	-	-	-	
f) Any other (Trust)	1,594,381	-	1,594,381	1,737,469	-	1,737,469	0.43	
<b>Sub Total (A-1)</b>	<b>142,101,495</b>	-	<b>142,101,495</b>	<b>282,749,697</b>	-	<b>282,749,697</b>	<b>70.68</b>	
<b>(2) Foreign</b>								
a) NRI Individual	3,500	-	3,500	7,000	-	7,000	0.00	
b) Other Individuals	-	-	-	-	-	-	-	
d) Bodies Corp.	-	-	-	-	-	-	-	
e) Banks / FI	-	-	-	-	-	-	-	
f) Any other	-	-	-	-	-	-	-	
<b>Sub Total (A-2)</b>	<b>3,500</b>	-	<b>3,500</b>	<b>7,000</b>	-	<b>7,000</b>	<b>0.00</b>	
<b>Total shareholding of Promoter (A-1 + A-2)</b>	<b>142,104,995</b>	-	<b>142,104,995</b>	<b>282,756,697</b>	-	<b>282,756,697</b>	<b>70.68</b>	
<b>B. Public Shareholding</b>								
<b>1. Institutions</b>								
a) Mutual Funds	9,578,533	-	9,578,533	32,800,583	-	32,800,583	8.20	
b) Banks / FI	17,619	-	17,619	201,294	-	201,294	0.05	
c) Central Govt	-	-	-	-	-	-	-	
d) State Govt(s)	-	-	-	-	-	-	-	
e) Alternate Investment Fund	1,568,112	-	1,568,112	3,622,781	-	3,622,781	0.91	
f) Insurance Companies	-	-	-	-	-	-	-	
g) FIs/Foreign Portfolio Investor	33,029,466	-	33,029,466	53,628,771	-	53,628,771	13.41	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	
i) Others (specify)	-	-	-	-	-	-	-	
Qualified Institutional Buyer	-	-	-	575,914	-	575,914	0.14	
<b>Sub-total (B)(1)</b>	<b>44,193,730</b>	<b>0.00</b>	<b>44,193,730</b>	<b>90,829,343</b>	<b>0.00</b>	<b>90,829,343</b>	<b>22.71</b>	

Category of Shareholders	No. of Shares held at the beginning of the year <sup>(1)</sup> [As on April 01, 2019]			No. of Shares held at the end of the year <sup>(2)</sup> [As on March 31, 2020]			% Change during the year	
	Demat	Physical	Total	Demat	Physical	Total		% of Total Shares
<b>2. Non-Institutions</b>								
a) Bodies Corporate								
i) Indian	1,403,743	-	1,403,743	1,468,325	-	1,468,325	0.37 (0.33)	
ii) Overseas	-	-	-	-	-	-	-	
b) Individuals								
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	6,606,257	110	6,506,367	12,082,016	436	12,082,452	3.02 (0.28)	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2,989,940	-	2,989,940	7,994,492	-	7,994,492	2.00 0.51	
c) Any Others (specify)								
Non- Resident Indians	443,391	-	443,391	888,468	-	888,468	0.22 0.00	
Qualified Foreign Investors	-	-	-	-	-	-	-	
Clearing Members	159,023	-	159,023	400,987	-	400,987	0.10 0.02	
Trusts	10,770	-	10,770	15,811	-	15,811	0.00 (0.01)	
Foreign National	50,040	-	50,040	100,000	-	100,000	0.03 0.00	
<b>Sub-total (B)(2)</b>	<b>11,663,164</b>	<b>110</b>	<b>11,663,274</b>	<b>22,950,099</b>	<b>436</b>	<b>22,950,535</b>	<b>5.74 (0.09)</b>	
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	<b>55,856,894</b>	<b>110</b>	<b>55,857,004</b>	<b>113,779,442</b>	<b>436</b>	<b>113,779,878</b>	<b>28.45 0.52</b>	
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	
<b>D. Non- Promoter non Public</b>	<b>2,038,001</b>	-	<b>2,038,001</b>	<b>3,463,425</b>	-	<b>3,463,425</b>	<b>0.87 (0.15)</b>	
<b>Grand Total (A+B+C+D)</b>	<b>199,999,890</b>	<b>110</b>	<b>200,000,000</b>	<b>399,999,564</b>	<b>436</b>	<b>400,000,000</b>	<b>100 0.00</b>	

Note: The total number of shares has increased due to issuance of bonus shares in June 2019 in the ratio of 1:1.

(1) Percentage calculated on the paid-up share capital (200,000,000 equity shares) as at the beginning of the year.

(2) Percentage calculated on the paid-up share capital (400,000,000 equity shares) as at the end of the year.

## 2. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year <sup>(1)</sup>			Shareholding at the end of the year <sup>(2)</sup>			% 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	140,487,386	70.24	0.00	280,974,772	70.24	0.00	0.00
2	Biocon Limited Employee Welfare Trust	1,594,381	0.80	0.00	1,737,469	0.43	0.00	(0.37)
3	Biocon Research Limited*	-	-	-	-	-	-	-
4	Kiran Mazumdar Shaw	7,638	0.01	0.00	15,276	0.01	0.00	0.00
5	Yamini R Mazumdar	11,030	0.01	0.00	20,060	0.01	0.00	0.00
6	Ravi R Mazumdar	1,060	0.00	0.00	2,120	0.00	0.00	0.00
7	Dev Mazumdar	3,500	0.00	0.00	7,000	0.00	0.00	0.00
	<b>Total</b>	<b>142,104,995</b>	<b>71.05</b>	<b>0.00</b>	<b>282,756,697</b>	<b>70.69</b>	<b>0.00</b>	<b>0.00</b>

Note: The total number of shares has increased due to issuance of bonus shares in June 2019 in the ratio of 1:1.

(1) Percentage calculated on the paid-up share capital (200,000,000 equity shares) as at the beginning of the year.

(2) Percentage calculated on the paid-up share capital (400,000,000 equity shares) as at the end of the year.

\*Amalgamated into Biocon Biologics India Limited.

## 3. Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year <sup>(1)</sup>		Cumulative Shareholding during the year <sup>(2)</sup>	
		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	140,487,386	70.24	140,487,386	70.24
	Bonus shares credited on June 21, 2019	140,487,386	70.24	280,974,772	70.24
	At the end of the year	-	-	280,974,772	70.24
2	<b>Biocon Research Limited*</b>				
	At the beginning of the year	0	0	0	0
	Transfer/ sale of shares during the year	0	0	0	0
	At the end of the year	-	-	0	0
3	<b>Biocon Limited Employee Welfare Trust</b>				
	At the beginning of the year	1,594,381	0.80	1,594,381	0.80
	Purchase(s) prior to bonus	0	0.00	1,573,633	0.79
	Sale(s) prior to bonus	(26,430)	(0.01)	1,567,951	0.78
	Bonus shares credited on June 21, 2019	1,567,951	0.39	3,135,902	0.78
	Purchase(s) post bonus	0	0.00	3,135,902	0.78
	Sale(s) post bonus	(1,398,433)	(0.35)	1,737,469	0.43
	At the end of the year	-	-	1,737,469	0.43
4	<b>Kiran Mazumdar Shaw</b>				
	At the beginning of the year	7,638	0.01	7,638	0.01
	Bonus shares credited on June 21, 2019	7,638	0.01	15,276	0.01
	At the end of the year	-	-	15,276	0.01

<b>5 Yamini R Mazumdar</b>				
At the beginning of the year	11,030	0.01	11,030	0.01
Sold during the year	1,000	0.00	10,030	0.01
Bonus shares credited on June 21, 2019	10,030	0.01	20,060	0.01
At the end of the year	-	-	20,060	0.01
<b>6 Ravi R Mazumdar</b>				
At the beginning of the year	1,060	0.00	1,060	0.00
Bonus shares credited on June 21, 2019	1,060	0.00	2,120	0.00
At the end of the year	-	-	2,120	0.00
<b>7 Dev Mazumdar</b>				
At the beginning of the year	3,500	0.00	3,500	0.00
Bonus shares credited on June 21, 2019	3,500	0.00	7,000	0.00
At the end of the year	-	-	7,000	0.00

Note: The total number of shares has increased due to issuance of bonus shares in June 2019 in the ratio of 1:1.

(1) Percentage calculated on the paid-up share capital (200,000,000 equity shares) as at the beginning of the year;

(2) Percentage calculated on the paid-up share capital (400,000,000 equity shares) as at the end of the year.

\*Amalgamated into Biocon Biologics India Limited.

#### 4. Shareholding Pattern of top ten Shareholders as on March 31, 2020:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Shareholding at the beginning of the year <sup>(1)</sup>		Cumulative Shareholding during the year <sup>(2)</sup>	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
<b>1</b>	<b>Mirae Asset Equity Savings Fund</b>				
	At the beginning of the year	1,509,964	0.75	1,509,964	0.75
	Purchase(s) prior to bonus	1,077,536	0.54	2,587,500	1.29
	Sale(s) prior to bonus	(15,000)	(0.01)	2,572,500	1.29
	Bonus shares credited on June 21, 2019*	2,533,971	0.63	5,106,471	1.28
	Purchase(s) post bonus	4,517,750	1.13	9,624,221	2.41
	Sale(s) post bonus	-	-	9,624,221	2.41
	At the end of the year	-	-	9,624,221	2.41
<b>2</b>	<b>Camas Investments Pte. Ltd.</b>				
	At the beginning of the year	4,785,000	2.39	4,785,000	2.39
	Purchase(s) prior to bonus	-	-	4,785,000	2.39
	Sale(s) prior to bonus	-	-	4,785,000	2.39
	Bonus shares credited on June 21, 2019*	4,785,000	2.39	9,570,000	2.39
	Purchase(s) post bonus	-	-	9,570,000	2.39
	Sale(s) post bonus	-	-	9,570,000	2.39
	At the end of the year	-	-	9,570,000	2.39

<b>3</b>	<b>Reliance Capital Trustee Co. Ltd</b>				
	At the beginning of the year	3,534,256	1.77	3,534,256	1.77
	Purchase(s) prior to bonus	4,351	0.00	3,538,607	1.77
	Sale(s) prior to bonus	(483,983)	(0.24)	3,054,624	1.53
	Bonus shares credited on June 21, 2019*	3,085,594	0.77	6,140,218	1.54
	Purchase(s) post bonus	4,084,825	1.02	10,225,043	2.56
	Sale(s) post bonus	(1,340,457)	(0.34)	8,884,586	2.22
	At the end of the year	-	-	8,884,586	2.22
<b>4</b>	<b>UTI-Unit Linked Insurance Plan</b>				
	At the beginning of the year	2,939,615	1.47	2,939,615	1.47
	Purchase(s) prior to bonus	229,878	0.11	3,169,493	1.58
	Sale(s) prior to bonus	-	-	3,169,493	1.58
	Bonus shares credited on June 21, 2019*	3,035,615	0.76	6,205,108	1.55
	Purchase(s) post bonus	696,415	0.17	6,901,523	1.73
	Sale(s) post bonus	(1,248,593)	(0.31)	5,652,930	1.41
	At the end of the year	-	-	5,652,930	1.41
<b>5</b>	<b>Aberdeen Standard SICAV I</b>				
	At the beginning of the year	1,999,000	1.00	1,999,000	1.00
	Purchase(s) prior to bonus	266,655	0.13	2,265,655	1.13
	Sale(s) prior to bonus	-	-	2,265,655	1.13
	Bonus shares credited on June 21, 2019*	2,265,655	0.57	4,531,310	1.13
	Purchase(s) post bonus	878,300	0.22	5,409,610	1.35
	Sale(s) post bonus	(690,000)	(0.17)	4,719,610	1.18
	At the end of the year	-	-	4,719,610	1.18
<b>6</b>	<b>Kotak Funds - India Midcap Fund</b>				
	At the beginning of the year	1,721,854	0.86	1,721,854	0.86
	Purchase(s) prior to bonus	(7,761)	(0.00)	1,714,093	0.86
	Sale(s) prior to bonus	-	-	1,714,093	0.86
	Bonus shares credited on June 21, 2019*	1,714,093	0.43	3,428,186	0.86
	Purchase(s) post bonus	-	-	3,428,186	0.86
	Sale(s) post bonus	(27,218)	(0.01)	3,400,968	0.85
	At the end of the year	-	-	3,400,968	0.85
<b>7</b>	<b>L&amp;T Mutual Fund Trustee Ltd</b>				
	At the beginning of the year	-	-	-	-
	Purchase(s) prior to bonus	761,644	0.38	761,644	0.38
	Sale(s) prior to bonus	-	-	761,644	0.38
	Bonus shares credited on June 21, 2019*	761,644	0.19	1,523,288	0.38
	Purchase(s) post bonus	918,753	0.23	2,442,041	0.61
	Sale(s) post bonus	-	-	2,442,041	0.61
	At the end of the year	-	-	2,442,041	0.61

**8 Massachusetts Institute of Technology**

At the beginning of the year	-	-	-	-
Purchase(s) prior to bonus	700,000	0.35	700,000	0.35
Sale(s) prior to bonus	-	-	700,000	0.35
Bonus shares credited on June 21, 2019*	700,000	0.18	1,400,000	0.35
Purchase(s) post bonus	950,000	0.24	2,350,000	0.59
Sale(s) post bonus	-	-	2,350,000	0.59
At the end of the year	-	-	2,350,000	0.59

**9 Arohi Emerging India Master Fund**

At the beginning of the year	476,216	0.24	476,216	0.24
Purchase(s) prior to bonus	329,330	0.16	805,546	0.40
Sale(s) prior to bonus	-	-	805,546	0.40
Bonus shares credited on June 21, 2019*	805,546	0.20	1,611,092	0.40
Purchase(s) post bonus	567,360	0.14	2,178,452	0.54
Sale(s) post bonus	-	-	2,178,452	0.54
At the end of the year	-	-	2,178,452	0.54

**10 Vantage Equity Fund**

At the beginning of the year	985,000	0.49	985,000	0.49
Purchase(s) prior to bonus	-	-	985,000	0.49
Sale(s) prior to bonus	-	-	985,000	0.49
Bonus shares credited on June 21, 2019*	985,000	0.25	1,970,000	0.49
Purchase(s) post bonus	-	-	1,970,000	0.49
Sale(s) post bonus	-	-	1,970,000	0.49
At the end of the year	-	-	1,970,000	0.49

\*Bonus shares credited as per the record date of June 12, 2019.

The date wise increase or decrease in shareholding of the top ten shareholders is available on the website of the Company at [www.syngeneintl.com](http://www.syngeneintl.com).

Note: The total number of shares has increased due to issuance of bonus shares in June 2019 in the ratio of 1:1.

(1) Percentage calculated on the paid-up share capital (200,000,000 equity shares) as at the beginning of the year.

(2) Percentage calculated on the paid-up share capital (400,000,000 equity shares) as at the end of the year.

**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 <sup>(1)</sup>		Cumulative Shareholding during the year <sup>(2)</sup>	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total shares of the company
<b>1</b>	<b>Kiran Mazumdar Shaw</b>				
	At the beginning of the year	7,638	0.01	7,638	0.01
	Bonus shares during the year	7,638	0.01	15,276	0.01
	At the end of the year	-	-	15,276	0.01

<b>2</b>	<b>John Shaw</b>				
	At the beginning of the year	-	-	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	-	-
<b>3</b>	<b>Jonathan Hunt</b>				
	At the beginning of the year	-	-	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	-	-
<b>4</b>	<b>Bala S Manian</b>				
	At the beginning of the year	25,000	0.01	25,000	0.01
	Bonus shares during the year	25,000	0.01	50,000	0.01
	At the end of the year	-	-	50,000	0.01
<b>5</b>	<b>Paul F Blackburn</b>				
	At the beginning of the year	25,000	0.01	25,000	0.01
	Bonus shares during the year	25,000	0.01	50,000	0.01
	At the end of the year	-	-	50,000	0.01
<b>6</b>	<b>Catherine Rosenberg</b>				
	At the beginning of the year	1,060	0.00	1,060	0.00
	Bonus shares during the year	1,060	0.00	2,120	0.00
	At the end of the year	-	-	2,120	0.00
<b>7</b>	<b>Vijay Kuchroo</b>				
	At the beginning of the year	25,000	0.01	25,000	0.01
	Bonus shares during the year	25,000	0.01	50,000	0.01
	At the end of the year	-	-	50,000	0.01
<b>8</b>	<b>Vinita Bali</b>				
	At the beginning of the year	-	-	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	-	-
<b>9</b>	<b>Sharmila A Karve</b>				
	At the beginning of the year	-	-	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	-	-

**10 Carl Decicco**

At the beginning of the year	-	-	-	-
Bought/Sold during the year	-	-	-	-
At the end of the year	-	-	-	-

**11 Sibaji Biswas**

At the beginning of the year	-	-	-	-
Bought/Sold during the year	-	-	-	-
At the end of the year	-	-	-	-

**12 Priyadarshini Mahapatra**

At the beginning of the year	-	-	-	-
Bought/sold during the year	-	-	-	-
At the end of the year	-	-	-	-

Note: The total number of shares has increased due to issuance of bonus shares in June 2019 in the ratio of 1:1.

(1) Percentage calculated on the paid-up share capital (200,000,000 equity shares) as at the beginning of the year.

(2) Percentage calculated on the paid-up share capital (400,000,000 equity shares) as at the end of the year.

**Indebtedness**

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

(Rs. in Mn)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6,066	1,907	-	7,973
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>6,066</b>	<b>1,907</b>	<b>-</b>	<b>7,973</b>
Change in Indebtedness during the financial year, net				
- Addition	-	1,182	-	1,182
- Reduction	(2,299)	-	-	(2,299)
<b>Net Change</b>	<b>(2,299)</b>	<b>1,182</b>	<b>-</b>	<b>(1,117)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	3,767	3,089	-	6,856
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3,767</b>	<b>3,089</b>	<b>-</b>	<b>6,856</b>

## Remuneration of Directors and Key Managerial Personnel

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

(Rs. in Mn)

Sl. No.	Particulars of Remuneration	Kiran Mazumdar Shaw (MD)	Jonathan Hunt (WTD & CEO)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	66.32	66.32
	(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>66.32</b>	<b>66.32</b>
	<b>Ceiling as per the Act</b>			<b>256.31</b>

\*The amount indicates perquisite value of Stock Options exercised during the year.

### B. Remuneration to other directors

(Rs. in Mn)

Sl. No.	Particulars of Remuneration	Name of Directors										Total	
		Suresh N Talwar*	Russell Walls*	Paul Blackburn	Bala S Manian	Vijay Kuchroo	Vinita Bali	Sharmila A Karve <sup>§</sup>	Carl Decicco <sup>§</sup>	John Shaw	Catherine Rosenberg		
1	<b>Independent Directors</b>												
	Fee for attending board & committee meetings	0.10	0.10	0.50	0.50	0.30	0.40	0.40	0.30	-	-	-	2.60
	Commission	0.69	0.69	3.35	2.99	2.07	2.44	1.52	1.58	-	-	-	15.33
	<b>Total (1)</b>	<b>0.79</b>	<b>0.79</b>	<b>3.85</b>	<b>3.49</b>	<b>2.37</b>	<b>2.84</b>	<b>1.92</b>	<b>1.88</b>	-	-	-	<b>17.93</b>
2	<b>Other Non-Executive Directors</b>												
	Fee for attending board & committee meetings	-	-	-	-	-	-	-	-	0.40	0.50	-	0.90
	Commission	-	-	-	-	-	-	-	-	1.47	2.85	-	4.32
	<b>Total (2)</b>	-	-	-	-	-	-	-	-	<b>1.87</b>	<b>3.35</b>	-	<b>5.22</b>
	<b>Total B (1 + 2)</b>	<b>0.79</b>	<b>0.79</b>	<b>3.85</b>	<b>3.49</b>	<b>2.37</b>	<b>2.84</b>	<b>1.92</b>	<b>1.88</b>	<b>1.87</b>	<b>3.35</b>	-	<b>23.15</b>
	<b>Total Managerial Remuneration</b>												<b>89.47</b>
	<b>Overall Ceiling as per the Act</b>												<b>563.86</b>

\*ceased to be a Director with effect from July 24, 2019.

<sup>§</sup>Appointed as a Director with effect from August 01, 2019.

<sup>§</sup>Appointed as a Director with effect from October 01, 2019

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

(Rs. in Mn)

Sl. No.	Particulars	CFO		Company Secretary		Total
		Chinappa M B*	Sibaji Biswas*	Mayank Verma**	Priyadarshini Mahapatra**	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34.32	9.82	0.67	3.25	48.06
	(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, 1961	-	-	-	-	-
2	Stock Option#	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	Others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	<b>Total</b>	<b>34.32</b>	<b>9.82</b>	<b>0.67</b>	<b>3.25</b>	<b>48.06</b>

\*The amount indicates perquisite value of Stock Options exercised during the year.

\*Chinappa M B resigned w.e.f. December 17, 2019 and Sibaji Biwas was appointed w.e.f. December 18, 2019.

\*\*Mayank Verma resigned as the CS w.e.f. May 25, 2019 and Priyadarshini Mahapatra was appointed as CS w.e.f. July 24, 2019.

**PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties/punishment/ compounding of offences for the year ended March 31, 2020.

Place: Bengaluru  
Date: May 12, 2020

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

## Annexure 10

### Corporate Social Responsibility

[Pursuant to Section 135 of the 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 has always invested in CSR programs aimed at making a difference to the lives of marginalized communities.

The Company's CSR activities are executed through Biocon Foundation. Biocon Foundation develops and implements healthcare, educational, infrastructure projects, rural development, promotion of art and culture, gender equality and safety of vulnerable sections of the society. The details of our CSR Policy are available on our website [www.syngeneintl.com](http://www.syngeneintl.com).

#### CSR Committee

The CSR Committee of our Board monitors execution of various activities to meet the set CSR objectives in line with the CSR Policy.

The members of the CSR Committee are-

- a) Dr Bala S Manian, Chairperson
- b) Dr Vijay Kuchroo
- c) Vinita Bali
- 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. The financial details as sought by the Companies Act, 2013 are as follows -

Particulars	(Rs. in Mn)
	Amount
Average net profit before tax of the Company for last three financial years	3,694
Prescribed CSR expenditure (2% of the average net profit as computed above)	73.89
Details of CSR spent during the financial year :	
Total amount to be spent for the financial year	73.89
Total amount spent	73.89
Amount unspent, if any	Nil

The details of the amount spent during the financial year are stated below:

(Rs. in Mn)

SI No	CSR project / program name	Sector	Location of project / program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spends up to the reporting period	Amount spent: direct/ through external agency
<b>(i) Expenditure on Projects &amp; Programs</b>							
1	eLaj Smart Clinic	Promoting Healthcare	Bengaluru Urban, Karnataka	10.30	10.30	10.30	Biocon Foundation
2	eLaj Smart Clinic	Promoting Healthcare	Chikkaballapur, Karnataka	2.60	2.60	2.60	Biocon Foundation
3	eLaj Smart Clinic	Promoting Healthcare	Tumakuru, Karnataka	1.70	1.70	1.70	Biocon Foundation
4	eLaj Smart Clinic	Promoting Healthcare	Kolar, Karnataka	1.70	1.70	1.70	Biocon Foundation
5	eLaj Smart Clinic	Promoting Healthcare	Bagalkot, Karnataka	2.60	2.60	2.60	Biocon Foundation
6	eLaj Smart Clinic	Promoting Healthcare	Dakshina Kannada, Karnataka	1.70	1.70	1.70	Biocon Foundation
7	eLaj Smart Clinic	Promoting Healthcare	Yadgir, Karnataka	1.70	1.70	1.70	Biocon Foundation
8	Grant in Aid - Mental Health	Promoting Healthcare	Bengaluru Urban, Karnataka	13.50	13.50	13.50	Biocon Foundation
9	Grant in Aid - Mental Health	Promoting Healthcare	Kolar, Karnataka	1.00	1.00	1.00	Biocon Foundation
10	Malnutrition	Promoting Healthcare	Bengaluru Urban, Karnataka	1.60	1.60	1.60	Biocon Foundation
11	Malnutrition	Promoting Healthcare	Sangareddy, Telangana	1.40	1.40	1.40	Biocon Foundation
12	Bioinformatics	Promoting Education	Bengaluru Urban, Karnataka	1.20	1.20	1.20	Biocon Foundation
13	Skill Development Institute	Enhancing Vocational Skills	Bengaluru Urban, Karnataka	0.90	0.90	0.90	Biocon Foundation
14	Govt. School Programs	Education	Dakshina Kannada, Karnataka	15.30	15.30	15.30	Biocon Foundation
15	Women's Safety	Empowering Women	Bengaluru Urban, Karnataka	3.20	3.20	3.20	Biocon Foundation
16	Arts Foundation	Promotion of Traditional Arts	Dakshina Kannada, Karnataka	1.00	1.00	1.00	Biocon Foundation
17	Discretionary/ Contingency Fund	Rural Development	Dakshina Kannada, Karnataka	10.00	10.00	10.00	Biocon Foundation
(ii)	Administrative Expenses	Office expenses	Bengaluru Urban, Karnataka	2.49	2.49	2.49	Biocon Foundation
<b>Total</b>				<b>73.89</b>	<b>73.89</b>	<b>73.89</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

**Place: Bengaluru**  
Date: May 12, 2020

**Jonathan Hunt**  
Managing Director and CEO  
DIN: 07774619

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

# Corporate Governance Report

## Governance Philosophy

The governance philosophy of the Company is based on a robust foundation of ethical values and highest levels of professionalism, which the Company has effectively sustained and nurtured. Integrity, transparency, fairness, accountability and compliance with the laws are embedded in the Company's business practices, ensuring ethical and responsible leadership at the Board as well as the Management level. This report defines the processes, controls and limits within which the Company functions.

The detailed report on Corporate Governance for the Financial Year ended March 31, 2020, as per Regulation 34(3), read with Part C of Schedule V of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("SEBI Listing Regulations") is set out below.

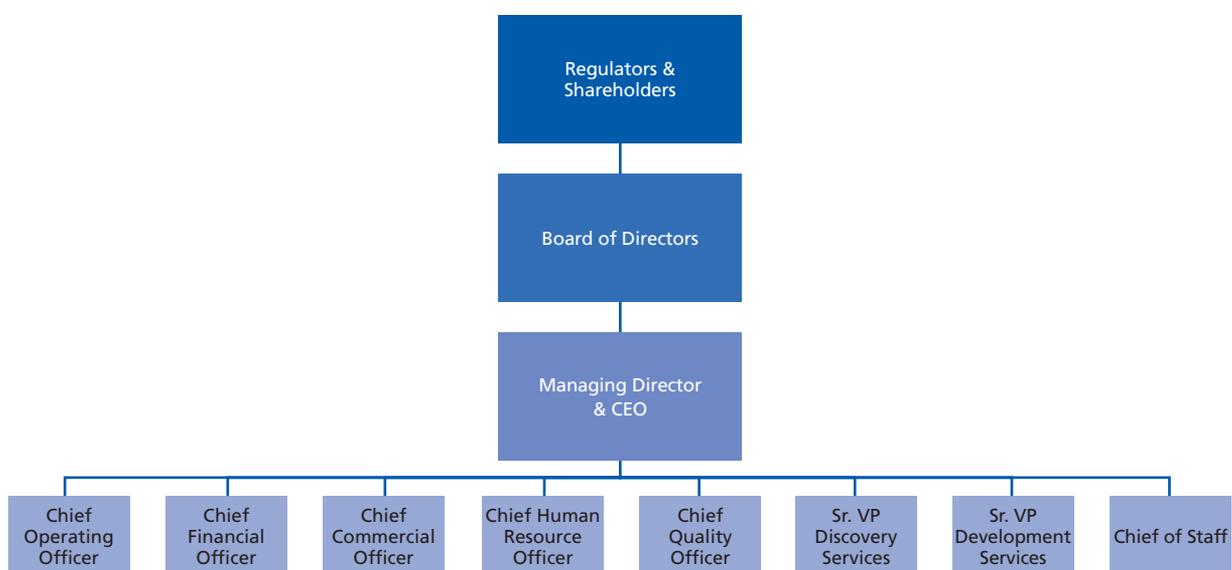
Your Company strongly believes that corporate governance practices which have evolved from positive thought processes, timely reporting, transparent accounting policies and a strong and independent Board go a long way in preserving shareholders' trust and confidence, attracting and retaining financial and human capital and maximising long-term corporate value. Stakeholders view the Company's business operations through the ethical prism and a robust corporate governance framework, which has over the years strengthened their confidence in the Company.

The corporate governance framework of the Company is guided by its core values of professionalism, integrity and excellence. The Company has rigorously abided by and has remained committed to incessantly following and adopting the best corporate governance practices.

## Governance Structure

Syngene is a professionally managed company functioning under the overall supervision of the Board, which is the apex body constituted by shareholders. The Board provides strategic guidance, direction and independence to the Management to achieve the overall corporate objectives for value creation through sustainable profitable growth. The Managing Director & Chief Executive Officer (MD & CEO) is in overall operational control and is responsible for the day-to-day working of the Company. He lays down policy guidelines and ensures implementation of the decisions of the Board of Directors and its various Committees and functions under the superintendence, direction and control of the Board. He is supported by the Executive Committee (EC).

The MD & CEO, together with the EC, operate within the framework of the strategic policies laid down by the Board and are collectively responsible and accountable for overall business deliverables. They drive company-wide processes, systems and policies and act as role models for leadership development within the organisation. Additionally, they provide cross-functional and cross-business perspectives on organisational issues.



■ Constitutes Executive Committee

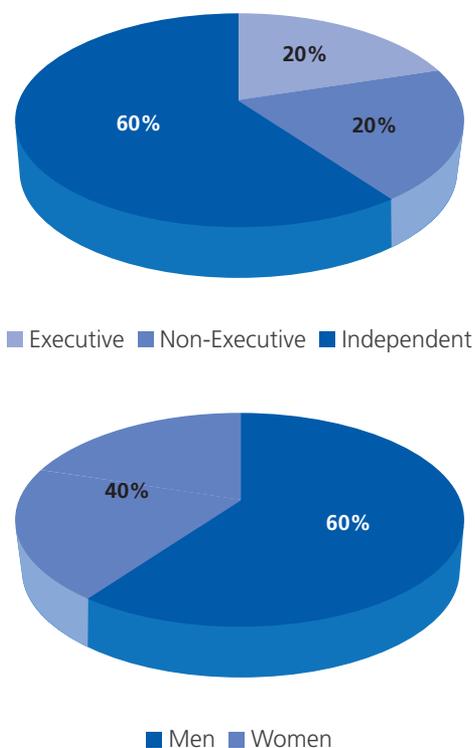
## Board of Directors

### Board Composition and Category of Directors

The Company has an appropriate mix of Executive Directors (EDs), Non-Executive Directors (NEDs) and Independent Directors (IDs) to maintain the Board's independence and separate its functioning of governance and management.

As on March 31, 2020, the Board of Directors comprised ten members including four women directors. The Board comprised two EDs, two NEDs and six IDs. The Board periodically evaluates the need for change in its composition and size. Detailed profile of our Directors is available on our website at [www.syngeneintl.com](http://www.syngeneintl.com).

### Composition of the Board of Directors as on March 31, 2020



None of the Directors serves as a Director in more than seven listed companies. Further, none of the Directors serves as an ID in more than seven listed companies or three listed companies in case he/she serves as an ED in any listed company. None of the Directors on the Board is a member of more than ten committees and a chairperson of more than five committees, across all public limited companies in which he/she is a Director. Further, none of the IDs serves as Non-Independent Director of any company on the board of which any of our Non-Independent Directors is an ID. Vinita Bali and Sharmila

Karve are Independent Woman Directors on the Board of Directors of the Company.

Kiran Mazumdar Shaw was the Chairperson and Managing Director of the Company up to March 31, 2020. With effect from April 1, 2020, she assumed the role of a Non- Executive Chairperson of the Company. Prof. Catherine Rosenberg and John Shaw are Non-Executive, Non-Independent Directors of the Company.

Jonathan Hunt, who was the Wholetime Director and Chief Executive Officer up to March 31, 2020 was elevated to the position of Managing Director and Chief Executive Officer of the Company with effect from April 01, 2020 for a period of five years, subject to the approval of the shareholders.

During the financial year under review, Russell Walls and Suresh Talwar, Independent Directors, who reached the age of 75 years, stepped down as Independent Directors at the conclusion of the 26<sup>th</sup> Annual General Meeting (AGM) of the Company held on July 24, 2019. The Board expressed its gratitude for their outstanding contribution made in the evolution and success of the Company.

Further, Sharmila Abhay Karve and Dr Carl Decicco were appointed as Independent Directors (Additional Directors) of the Company effective August 01, 2019 and October 01, 2019 respectively.

Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management and also they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Further, the Independent Directors have also submitted their declaration for compliance with the provision of Rule 6(3) of Companies (Appointment and Qualification of Directors) Rules, 2014, which mandates the inclusion of their name in the data bank of the Indian Institute of Corporate Affairs ("IICA").

### Role of Board of Directors

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

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

- Regular business updates, strategic opportunities and diversification plans of the Company, if any
- Updates on Corporate Social Responsibility (CSR) activities
- Related party transactions and significant changes in accounting policies and internal controls
- Mergers or acquisitions or acquiring a controlling or substantial stake in another company
- Recruitment and remuneration of senior management who are just below the level of Board of Directors including appointment or removal of Chief Financial Officer and Company Secretary
- Annual operating plans, budget including capital budget, major borrowings, investments and any updates thereof
- Quarterly and annual consolidated and standalone results of the Company
- Update on capital structure
- Update on investor relations
- Minutes of meetings of the Board and other Board Level Committees and resolutions passed
- Materially important show cause, demand, prosecution notices and penalty notices, if any.
- Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
- Issues that involve possible public or product liability claims of substantial nature, including any judgement or order that may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company, if any
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property

- Significant labour, employee and Industrial Relations issues
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material; and
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer and so on.

### **Board Membership Criteria and Selection Process**

The responsibility for identifying and evaluating a suitable candidate for the Board is delegated to the Nomination and Remuneration Committee (NRC). While selecting a candidate, the NRC reviews and evaluates the Board's composition and diversity to ensure that the Board and its committees have the appropriate mix of skills, experience, independence and knowledge for continued effectiveness. For the Board, diversity comprehends plurality in perspective, experience, education, background, ethnicity, nationality, age, gender and other personal attributes.

The candidate is, inter alia, screened based on the above attributes extending to professional experience, functional expertise, educational and professional background. At the time of induction of a Director, a formal invitation to join the Board is sent and a Directors' handbook comprising a compendium of the role, powers and duties to be performed is handed over to the new Director. The Independent Directors annually provide a certificate of independence, in accordance with the applicable laws, which is taken on record by the Board. All Board members are encouraged to meet and interact with the management. Board Members are invited to key meetings to provide strategic guidance and advice.

### **Board Procedure**

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

are permitted to be taken up as 'any other item' with the permission of the Chairperson and with consent of majority of Board members/Committee members.

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

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

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

### Meetings of the Board

During the financial year, five meetings of the Board were held on April 24, 2019, July 24, 2019, October 22, 2019, November 30, 2019 and January 22, 2020. The gap between two Board meetings did not exceed 120 days.

The information on attendance of Directors at the Board meetings either in person or through audio visual means during the financial year ended March 31, 2020 and at the last Annual General Meeting (AGM) is given below:

Name of the Director	Category	No. of Board Meetings which director was entitled to attend	Number of Meetings Attended	Attendance at AGM held on July 24, 2019
Kiran Mazumdar Shaw	Managing Director	5	4	Yes
Jonathan Hunt	Executive Director & CEO	5	5	Yes
John Shaw	Non - Executive Director	5	4	Yes
Prof. Catherine Rosenberg	Non - Executive Director	5	5	Yes
Russell Walls*	Independent Director	2	2	No
Suresh Talwar *	Independent Director	2	2	Yes
Paul Blackburn	Independent Director	5	5	Yes
Dr Bala S. Manian	Independent Director	5	5	Yes
Dr Vijay Kuchroo	Independent Director	5	3	Yes
Vinita Bali	Independent Director	5	4	Yes
Sharmila Abhay Karve#	Independent Director	3	3	NA
Dr Carl Decicco\$	Independent Director	3	2	NA

**Note:**

\* up to July 24, 2019

# appointed w.e.f. August 01, 2019

\$ appointed w.e.f. October 01, 2019

**Names of the listed entities wherein Company's directors are holding directorship along with their category and membership/chairperson in various committee(s) as on March 31, 2020:**

Sl.No.	Name of Director	Name of Company	Designation / Category	Chairmanship/Membership in Committees of other listed entities
1	Kiran Mazumdar Shaw	Syngene International Limited	Managing Director & Chairperson, Promoter Group (assumed the position of Non-Executive Chairperson w.e.f. April 01, 2020)	None
		Biocon Limited	Managing Director & Chairperson, Promoter (appointed as the Executive Director and Chairperson w.e.f April 01, 2020)	<b>Member:</b> <ul style="list-style-type: none"> <li>Nomination and Remuneration Committee</li> <li>Risk Management Committee</li> </ul>
		United Breweries Limited	Non-Executive Independent Director	<b>Chairperson:</b> <ul style="list-style-type: none"> <li>Risk Management Committee</li> <li>Nomination and Remuneration Committee</li> </ul> <b>Member:</b> <ul style="list-style-type: none"> <li>Corporate Social Responsibility Committee</li> <li>Borrowing Committee</li> </ul>
		Narayana Hrudayalaya Limited	Non-Executive Non-Independent Director	<b>Member:</b> <ul style="list-style-type: none"> <li>Nomination and Remuneration Committee</li> </ul>
		Infosys Limited	Non-Executive Independent Director	<b>Chairperson:</b> <ul style="list-style-type: none"> <li>Nomination and Remuneration Committee</li> <li>Corporate Social Responsibility Committee</li> </ul> <b>Member:</b> <ul style="list-style-type: none"> <li>Risk Management Committee</li> </ul>
2	Jonathan Hunt	Syngene International Limited	Executive Director & CEO (appointed as the Managing Director & CEO w.e.f April 01, 2020)	<b>Member:</b> <ul style="list-style-type: none"> <li>Stakeholders Relationship Committee</li> <li>Risk Management Committee</li> </ul>
3	John Shaw	Syngene International Limited	Non-Executive, Non-Independent Director	None
		Biocon Limited	Non-Executive, Non-Independent Director	None
4	Prof. Catherine Rosenberg	Syngene International Limited	Non-Executive, Non-Independent Director	<b>Member:</b> <ul style="list-style-type: none"> <li>Nomination and Remuneration Committee</li> <li>Corporate Social Responsibility Committee</li> <li>Risk Management Committee</li> </ul>

Sl.No.	Name of Director	Name of Company	Designation / Category	Chairmanship/Membership in Committees of other listed entities
5	Paul Blackburn	Syngene International Limited	Non-Executive Independent Director	<b>Chairperson:</b> <ul style="list-style-type: none"> <li>Audit Committee</li> <li>Risk Management Committee</li> </ul> <b>Member:</b> <ul style="list-style-type: none"> <li>Stakeholders Relationship Committee</li> </ul>
6	Bala Manian	Syngene International Limited	Non-Executive Independent Director	<b>Chairperson:</b> <ul style="list-style-type: none"> <li>Nomination and Remuneration Committee</li> <li>Corporate Social Responsibility Committee</li> </ul>
7	Vijay Kuchroo	Syngene International Limited	Non-Executive Independent Director	<b>Member:</b> <ul style="list-style-type: none"> <li>Nomination and Remuneration Committee</li> <li>Corporate Social Responsibility Committee</li> </ul>
		Biocon Limited	Non-Executive Independent Director	<b>Member:</b> <ul style="list-style-type: none"> <li>Corporate Social Responsibility Committee</li> <li>Nomination and Remuneration Committee</li> </ul>
8	Vinita Bali	Syngene International Limited	Non-Executive Independent Director	<b>Member:</b> <ul style="list-style-type: none"> <li>Audit Committee</li> <li>Nomination and Remuneration Committee</li> <li>Corporate Social Responsibility Committee</li> <li>Risk Management Committee</li> </ul>
		CRISIL Limited	Non-Executive Independent Director	<b>Chairperson:</b> <ul style="list-style-type: none"> <li>Nomination and Remuneration Committee</li> <li>Corporate Social Responsibility Committee</li> </ul> <b>Member:</b> <ul style="list-style-type: none"> <li>Audit Committee</li> </ul>
9	Sharmila Abhay Karve	Syngene International Limited	Non-Executive Independent Director	<b>Chairperson:</b> <ul style="list-style-type: none"> <li>Stakeholders Relationship Committee</li> </ul> <b>Member:</b> <ul style="list-style-type: none"> <li>Audit Committee</li> <li>Risk Management Committee</li> </ul>
		Essel Propack Limited	Non-Executive Independent Director	<b>Chairperson:</b> <ul style="list-style-type: none"> <li>Audit Committee</li> </ul> <b>Member:</b> <ul style="list-style-type: none"> <li>Stakeholders Relationship Committee</li> </ul>
10	Carl Peter Decicco	Syngene International Limited	Non-Executive Independent Director	<b>Member:</b> <ul style="list-style-type: none"> <li>Nomination and Remuneration Committee</li> </ul>

**Composition of the Board and details of Directorship and Committee membership/Chairmanship held in other Companies as on March 31, 2020:**

Name of the Director	DIN	Designation	Directorship#	Committees	
			Indian Public Companies	Chairmanship	Membership
<b>Executive Director</b>					
Kiran Mazumdar Shaw	00347229	Managing Director & Chairperson	8	1	1
Jonathan Hunt	07774619	Whole-time Director & CEO	1	-	1
<b>Non-Executive Directors</b>					
John Shaw	00347250	Director	4	-	-
Prof. Catherine Rosenberg	06422834	Director	1	-	-
<b>Independent Directors</b>					
Paul Blackburn	06958360	Director	1	1	2
Dr Bala S. Manian	01327667	Director	1	-	-
Dr Vijay Kuchroo	07071727	Director	2	-	-
Vinita Bali	00032940	Director	2	-	2
Dr Carl Peter Decicco	08576667	Director	1	-	-
Sharmila Abhay Karve	05018751	Director	3	2	4

Note:# Directorship in companies includes Syngene International Limited.

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

**Disclosure of relationships between directors inter-se**

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

**Shareholding of Non-Executive Directors**

As on March 31, 2020, the following Non-Executive Directors hold equity shares in the Company.

Name	Shareholding as on March 31, 2020
Paul Blackburn	50,000
Dr Bala Manian	50,000
Dr Vijay Kuchroo	50,000
Prof Catherine Rosenberg	2,120

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

**Independent Directors' Meeting**

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

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

Companies Act, 2013 and the Rules made thereunder mandate that the Independent Directors of a Company shall hold at least one meeting in a year, without the presence of Non-Independent Directors and members of Management. The Independent Directors met on January 22, 2020 to inter-alia evaluate the performance criteria and the methodology for carrying out the evaluation of the performance of the Board, Committees, Chairperson and the individual directors.

### Details of Familiarisation Programmes imparted to Independent Directors

A formal induction programme for new Directors and an ongoing familiarisation process with respect to the business/working of the Company for all Directors is a major contributor to familiarize the directors with the dynamics of the industry to facilitate engaging them in meaningful deliberations and in taking informed decisions. Complying with Regulation 25(7) of the SEBI Listing Regulations, familiarisation programmes were conducted during the financial year to empower Independent Directors with the knowledge of Syngene’s business and operations. Further, under the ‘Director’s Education Programme’, latest developments affecting the Company and the Contract Research Organisation (CRO) industry and functions of various business units/verticals were presented to the Directors by the Senior Management team.

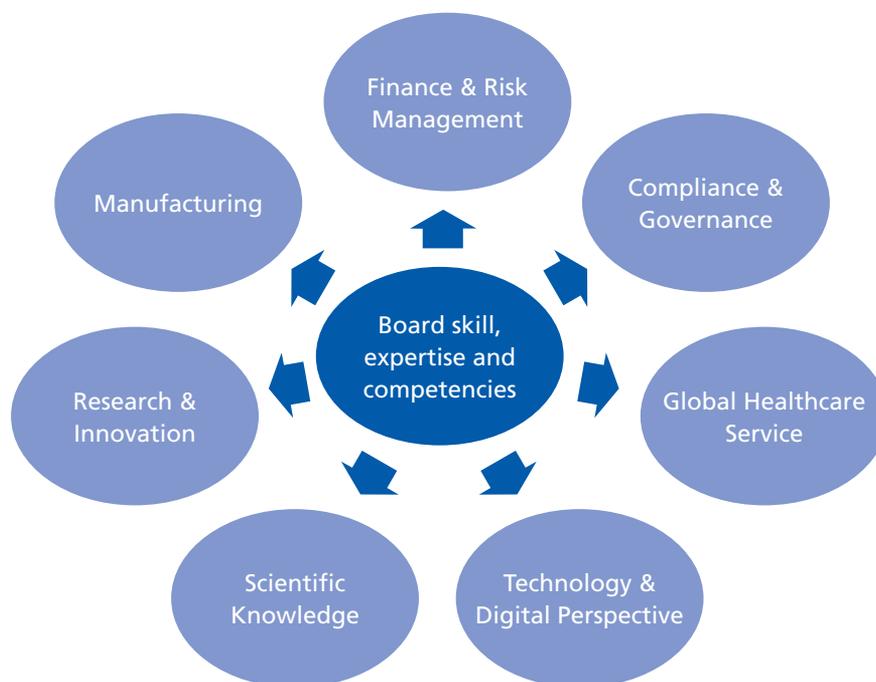
Additionally, under the ‘Director Induction Programme’, newly appointed directors were appraised on the organisation structure, operational overview, financial overview, board matters and procedures, key risk issues and its mitigation strategy. Facility tours to various units of the Company are also conducted for the newly appointed directors. The details of such programmes are available at <https://www.syngeneintl.com/investor-relations/corporate-governance>.

### Confirmation on Independent Directors

The Board, based on the disclosures received from all Independent Directors, confirms that all Independent Directors fulfil the criteria of independence as specified in the SEBI Listing Regulations, 2015 and are independent of the management of the Company for the year ended March 31, 2020.

### Skill, expertise and competencies of the Board

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



The table below summarises the key qualifications, skills and expertise of the Board Members:

Key Board Qualifications								
Directors	Area of Expertise							
	Scientific Knowledge	Research & Innovation	Global Healthcare Service	Finance & Risk Management	Compliance & Governance	Technology & Digital Perspective	General Management & Leadership	Manufacturing
Kiran Mazumdar Shaw	√	√	-	-	-	-	√	√
John Shaw	-	-	√	√	√	√	√	√
Jonathan Hunt	-	-	√	√	√	-	√	√
Prof. Catherine Rosenberg	√	√	-	-	-	√	-	-
Dr Bala S Manian	√	√	-	√	-	-	√	√
Vinita Bali	-	√	-	-	√	-	√	√
Dr Vijay Kuchroo	√	-	-	-	-	√	√	-
Sharmila Karve	-	-	-	√	√	-	√	-
Dr Carl Decicco	√	√	√	√	√	√	√	-
Paul Blackburn	-	-	-	√	√	-	√	-

## Board Evaluation

In compliance with Section 134 of the Companies Act, 2013 and the SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance as well as the working of its Committees for the FY 2019-20. This is as per the criteria laid down by the Nomination and Remuneration Committee, which inter-alia include the following:

- The Board: Composition, expertise, meetings, functions, management and professional development.
- The Committees: Composition, effectiveness, structure, meetings, independence of the committee and contribution to decision making of the Board.
- Individual Directors (including Chairperson, Independent Directors and Non-Independent directors): Leadership, governance, commitment, contribution, experience, expertise, independence, integrity, attendance and responsibility.

A structured questionnaire was used to capture responses online. A 360-degree feedback-cum-assessment of individual Directors, the Board and its Committees was discussed by Independent Directors, Nomination and Remuneration Committee and the Board for the FY 2019-20 and collective action points for improvement were put in place. The Directors acknowledged the productive functioning of the Board and its Committees. They also acknowledged the efforts and contributions made by the Chairperson, Executive, Non-Executive and Independent Directors towards the Company's performance.

## Committees of the Board

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



**Committees of the Board**

### Audit Committee

The Board, on October 19, 2011, constituted the Audit and Risk Committee. At its meeting held on January 22, 2019, the Board has constituted an independent Risk Management Committee. Therefore, the Audit and Risk Committee was renamed as Audit Committee. The Audit Committee comprises of three Independent Directors as on March 31, 2020 namely Paul Blackburn as Chairman and Vinita Bali and Sharmila Karve as members.

**The attendance of members at the meetings of the Audit Committee held in FY 2019-20 is given below:**

Name	Category	No. of Meetings which the member was entitled to attend	No. of Meetings attended
Paul Blackburn ©	ID	4	4
Russell Walls <sup>1</sup>	ID	2	2
Suresh Talwar <sup>1</sup>	ID	2	2
Vinita Bali <sup>2</sup>	ID	2	2
Sharmila Abhay Karve <sup>3</sup>	ID	2	2
Vijay Kuchroo <sup>4</sup>	ID	0	0

ID: Independent Director

©: Chairperson

1. Ceased to be a member w.e.f July 24, 2019

2. Appointed as a member w.e.f July 24, 2019

3. Appointed as a member w.e.f. August 01, 2019

4. Appointed as a member on July 24, 2019 and ceased to be a member on July 31, 2019

#### Terms of Reference:

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

- Overseeing the Company's financial reporting process and the disclosure to ensure that the financial statement is correct, sufficient and credible.
- Recommending appointment, remuneration and terms of appointment of auditors of the Company.
- Approving payment to statutory auditors for any other services rendered by the statutory auditors.

- Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for their approval.
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- Evaluating internal financial controls and risk management systems.
- Reviewing with the management, performance of statutory and internal auditors and the adequacy of internal control systems.
- Reviewing the adequacy and effectiveness of internal audit function, reporting structure coverage and frequency of internal audits.
- Reviewing and approving related party transactions, including any modification.
- Reviewing and approving foreign exchange transactions.
- Scrutinizing inter-corporate loans and investments.
- Conducting valuation of undertakings or assets of the listed entity, wherever it is necessary.
- Approving appointment of Chief Financial Officer after assessing the qualifications, experience, background, etc. of the candidate.
- Reviewing the functioning of the 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.
- Review of appointment, removal and terms of remuneration of the Chief Internal Auditor; and
- Statement of deviations, if any.

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

During the financial year, four meetings of the Committee were held on April 24, 2019, July 24, 2019, October 22, 2019 and January 21, 2020.

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

Paul Blackburn, Chairman of the Audit Committee, was present at the last AGM of the Company held on July 24, 2019.

### **Risk Management Committee**

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

The Risk Management Committee comprises the following directors as on March 31, 2020:

Paul Blackburn – Independent Director and Chairman

Vinita Bali – Independent Director

Sharmila Karve – Independent Director

Prof. Catherine Rosenberg – Non-Executive Director

Jonathan Hunt – Executive Director

The attendance of the members in the Risk Management Committee Meetings held in FY20 is given below:

Name	Category	No. of Meetings which the member was entitled to attend	No. of Meetings attended
Paul Blackburn ©	ID	4	4
Russell Walls <sup>1</sup>	ID	2	2
Suresh Talwar <sup>1</sup>	ID	2	2
Vinita Bali	ID	4	4
Prof. Catherine Rosenberg	NED	4	4
Sharmila Abhay Karve <sup>2</sup>	ID	2	2
Jonathan Hunt <sup>3</sup>	ED	2	2
Dr Vijay Kuchroo <sup>1</sup>	ID	2	2
Dr Bala S Manian <sup>1</sup>	ID	2	2

ID: Independent Director, NED: Non-Executive Director, ED – Executive Director

©: Chairman

1. Ceased to be a member w.e.f. July 24, 2019

2. Appointed as member w.e.f. August 01, 2019

3. Appointed as member w.e.f. July 24, 2019

#### Terms of Reference:

- Identify and review the critical risk exposures of the Company and assess Management's actions to mitigate the exposures in a timely manner
- Review the Company's risk appetite and tolerance limit.
- Review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- Annually review the overall risk management framework with respect to risk assessment and management.
- Review and assess the effectiveness of the company-wide risk assessment processes.
- To perform such functions as may be delegated by the Board and/or are prescribed under Companies Act, 2013, SEBI Listing Regulations and any other applicable laws from time to time.

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

During the financial year, four meetings of the Committee were held on April 24, 2019, July 24, 2019, October 22, 2019 and January 22, 2020.

#### Stakeholders Relationship Committee

The Board, on July 23, 2014, constituted the Stakeholders Relationship Committee in accordance with Section 178 (5) of the Companies Act, 2013 and SEBI Listing Regulations. The Stakeholders Relationship Committee comprises two Independent Directors and one executive director as on March 31, 2020 namely Sharmila Abhay Karve, Independent Director as the Chairperson, Paul Blackburn, Independent Director and Jonathan Hunt, Executive Director as Members.

The attendance of Members at the Stakeholders Relationship Committee Meetings held in FY 20 is given below:

Name	Category	No. of Meetings which the member was entitled to attend	No. of Meetings attended
Sharmila Karve <sup>1</sup> ©	ID	2	2
Suresh Talwar <sup>2</sup>	ID	2	2
Russell Walls <sup>3</sup>	ID	2	2
Paul Blackburn	ID	4	4
Jonathan Hunt <sup>4</sup>	Executive Director	2	2
Vinita Bali <sup>5</sup>	ID	0	0

ID: Independent Director

©: Chairperson

1. Appointed as Member w.e.f August 01, 2019

2. Ceased to be a Member and Chairperson w.e.f. July 24, 2019

3. Ceased to be a Member w.e.f. July 24, 2019

4. Appointed as Member w.e.f July 24, 2019

5. Appointed as Member w.e.f. July 24, 2019 and ceased to be a Member on July 31, 2019

#### Terms of Reference

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

- To look into redressal of all grievances pertaining to equity shareholders or any other security holders.
- To deal with all grievances relating to non-receipt of annual report, general meeting notices, non-receipt of declared dividends, non-receipt of interest and any other

related grievances of the equity shareholders or any other security holders.

- Review of adherence to the service standards adopted by the Company in respect of various services rendered by the Registrar & Share Transfer Agents.
- Review of various measures and initiatives taken by the Company to ensure timely receipt of dividend /annual reports/statutory notices by the shareholders of the Company.
- Carry out any other function contained in the SEBI Listing Regulations.

During the financial year, four meetings of the Committee were held on April 24, 2019, July 24, 2019, October 22, 2019 and January 21, 2020.

Suresh Talwar, Chairman of the Stakeholders Relationship Committee as on the date of last AGM held on July 24, 2019, was present thereat. The details of shareholders' complaints received and resolved during the financial year ended March 31, 2020 are as under:

Opening Balance	Received during the year	Resolved during the year	Balance outstanding as on March 31, 2020
0	2	2	0

There were 119 requests received by the Company and the Registrar and Share Transfer Agent (RTA) for various issues such as copies of Annual Report, Renewal of IPO Refund Orders, Renewal of dividend warrants among others. All the requests were closed within the stipulated time.

#### Compliance Officer

Mayank Verma, resigned from the position of Company Secretary and Compliance Officer with effect from May 24, 2019 and Chinappa MB, Chief Financial Officer was appointed

as Compliance Officer in his stead till July 23, 2019. Priyadarshini Mahapatra was thereafter appointed as the Company Secretary & Compliance Officer of the Company with effect from July 24, 2019, as per Regulation 6 of the SEBI Listing Regulations to discharge all duties under the Regulations.

### Role of Company Secretary

The Company Secretary plays a key role in ensuring that effective Board procedures are followed and reviewed periodically. She is primarily responsible for ensuring compliance with all the provisions of the Companies Act. These include SEBI Listing Regulations, Secretarial Standards issued by the Institute of Company Secretaries of India and provisions of all other applicable laws to the Company. She 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. She also assists and advises the Board in following good corporate governance practices.

### Corporate Social Responsibility Committee

In terms of Section 135 of the Companies Act, 2013, the Board, on October 23, 2013, constituted the CSR Committee Corporate Social Responsibility (CSR) Committee. Our CSR Committee comprises three Independent Directors and one Non-Executive Director as on March 31, 2020 namely Dr Bala S Manian, Independent Director as Chairman and Dr Vijay Kuchroo, Independent Director, Vinita Bali Independent Director and Prof. Catherine Rosenberg, Non-Executive Director as Members.

### The attendance of the members at the meetings of the CSR Committee held in FY 20 is given below:

Name	Category	No. of Meetings which the member was entitled to attend	No. of Meetings attended
Dr Bala S. Manian ©	ID	2	2
Suresh Talwar <sup>1</sup>	ID	1	1
Dr Vijay Kuchroo	ID	2	1
Vinita Bali	ID	2	2
Prof. Catherine Rosenberg	NED	2	2

ID: Independent Director, NED: Non-Executive Director

©: Chairperson

1. Ceased to be a member w.e.f. July 24, 2019

### Terms of reference:

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

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

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

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

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

During the financial year, two meetings of the Committee were held on April 24, 2019 and October 22, 2019. The CSR Report as required under the Companies Act, 2013 for the year ended March 31, 2020 is annexed as Annexure 10 to the Board's Report.

## Nomination and Remuneration Committee

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

Our Nomination and Remuneration Committee comprises four Independent Directors and one Non-Executive Director as on March 31, 2020 namely Dr Bala S Manian, Independent Director as the Chairman and Dr Vijay Kuchroo, Vinita Bali, Dr Carl Decicco, Independent Directors and Prof. Catherine Rosenberg, Non-Executive Director as Members.

### The attendance of the members at the Meetings of the Nomination and Remuneration Committee held in FY 20 is given below:

Name	Category	No. of Meetings which the member was entitled to attend	No. of Meetings attended
Dr Bala S. Manian ©	ID	4	4
Suresh Talwar <sup>1</sup>	ID	4	2
Dr Vijay Kuchroo	ID	4	3
Vinita Bali	ID	4	4
Prof. Catherine Rosenberg	NED	4	4
Dr Carl Peter Decicco <sup>2</sup>	ID	4	2

ID: Independent Director,

NED: Non-Executive Director

©: Chairman

1. Ceased to be a member w.e.f. July 24, 2019

2. Appointed as a Member w.e.f. October 01, 2019

#### Terms of Reference:

- Review the Board structure, size and composition and thereafter make any recommendations to the Board in this regard.
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Recommend to the Board, suitable candidates for the role of an Independent Director.
- Recommend to the Board the appointment and removal of a Director, Key Managerial Personnel and Senior Management.
- Recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Analyse, monitor and review various human resource and compensation matters.

- Specify the manner of effective evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliances.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
- Ensure appropriate induction, training and education programs are in place for new and existing Directors and review its effectiveness periodically.
- Perform such necessary functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

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

During the financial year, four meetings of the Committee were held on April 24, 2019, July 24, 2019, October 22, 2019 and January 22, 2020.

## Remuneration Policy

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

- The remuneration structure is reasonable and sufficient to attract, retain and motivate employees at all levels in the Company
- Relationship of remuneration with the employee's performance is clear and meets performance benchmarks
- Remuneration to Directors/Senior Management/Key Managerial Personnel involves balance between fixed

pay, variable pay and stock options reflecting short and long-term objectives derived to achieve the Company's goal.

For details, refer the Policy relating to Director's appointment and remuneration, which is available on website of the Company at <http://www.syngeneintl.com/investor-relations/corporate-governance>.

## Remuneration of Directors

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

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

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

The roles of Non-Executive and Independent Directors are not just restricted to corporate governance or outlook of the Company, but they also bring with them significant professional expertise and rich experience across a wide spectrum of functional areas in the fields of Scientific Knowledge, Research & Innovation, Manufacturing, Global Healthcare Service, General Management and Leadership, Finance and Risk Management, Compliance and Governance, Technology and Digital Perspective and other corporate functions. The Company seeks their expert advice on various matters from time to time. Hence, the compensation to the Non-Executive Directors is recommended. The Nomination and Remuneration Committee determines and recommends to the Board the compensation payable to Directors.

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

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

commission to the Non-Executive and Independent Directors of the Company.

Sl. No.	Particulars	Amount in USD
1	Chairperson fee – Board Meeting	10,000
2	Board meeting fee – Other Directors	5,000
3	Chairperson fee – Audit committee	4,000
4	Member fee – Audit committee	2,000
5	Chairperson fee – NRC and CSR committee each	2,000
6	Member fee – NRC and CSR committee each	1,000

Besides the above commission, Foreign Directors are also paid travel allowance of USD 4,000 in case of travel from America and USD 3,000 in case of travel from any other country for attending Board meetings. The Directors are entitled to reimbursement of all expenses for participation in the Board and Committee meetings. Further, all the Non-Executive Directors are paid a consolidated sitting fee of Rs. 1 Lac for attending Board and Committee meetings on each occasion. The Directors are also entitled to a commission of USD 2000 each for attending the Strategy meeting of the Board as well as the Annual General Meeting of the Company.

### Compensation to Executive Directors

Kiran Mazumdar Shaw was the Managing Director and Chairperson and Jonathan Hunt held the position of Wholetime Director and Chief Executive Officer as on March 31, 2020. However, Kiran Mazumdar Shaw transitioned into the position of Non-Executive Chairperson with effect from April 01, 2020. She did not draw any remuneration from the Company as the Managing Director. All other directors were Non-Executive Directors.

Jonathan Hunt has been appointed as the Managing Director and Chief Executive Officer of the Company w.e.f. April 01, 2020 for a period of five years, on the same remuneration as he was entitled to as the Wholetime Director and Chief Executive Officer subject to the approval of the shareholders at the 27<sup>th</sup> AGM. As the Wholetime Director and Chief Executive Officer, his appointment was on such terms and conditions, including remuneration, subject to the limit of 5% of the net profit of the Company. The remuneration included annual base pay subject to performance-linked increment, variable pay linked to Company's performance, long-term incentives, including stock options, and perquisites, as well as other allowances as per the Company's policy and as approved by the Board.

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

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

The details of remuneration and sitting fees paid or provided to all the Directors during the year ended March 31, 2020 are as under:

(Rs. in Mn)

Name of the Director	Salary & Perquisites			Others		Total
	Fixed Pay + Bonus	Stock Options <sup>#</sup>	Retiral Benefits*	Commission	Sitting Fees	
Kiran Mazumdar Shaw	-	-	-	-	-	-
Jonathan Hunt	66.32	-	-	-	-	66.32
John Shaw	-	-	-	1.47	0.40	1.87
Prof. Catherine Rosenberg	-	-	-	2.85	0.50	3.35
Russell Walls	-	-	-	0.69	0.10	0.79
Suresh N Talwar	-	-	-	0.69	0.10	0.79
Paul F Blackburn	-	-	-	3.35	0.50	3.85
Dr Bala S. Manian	-	-	-	2.99	0.50	3.49
Dr Vijay Kuchroo	-	-	-	2.07	0.30	2.37
Vinita Bali	-	-	-	2.44	0.40	2.84
Sharmila Abhay Karve	-	-	-	1.52	0.40	1.92
Carl Decicco	-	-	-	1.58	0.30	1.88

\*The amount indicates perquisite value of Stock Options exercised during the year.

Note:

- Perquisites valued as per Income -Tax Act, 1961
- Russell Walls and Suresh Talwar, had stepped down as directors from the Board with effect from July 24, 2019.
- The details above are as on accrual basis. The remuneration does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

### Service Contracts, Notice Period and Severance Fees

As on March 31, 2020, the Board comprised ten members, including two Executive Directors and eight Non-Executive Directors, of which six are Independent Directors. Kiran Mazumdar Shaw, Managing Director, is not an employee of

the Company. Hence, there is no separate provision for payment of severance fees to her. Additionally, Jonathan Hunt, being in employment, as per terms of appointment is eligible for severance fees equivalent to three months' notice. However, other Directors are not subject to any notice period and severance fees.

## General Body Meetings

### Location, dates and time of the last three AGMs

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

S. No	Financial Year	Date and Time	Location	Special Resolution Passed
1	2016-17	July 25, 2018 2:00 PM	Tyler Jacks Auditorium, Biocon Park SEZ, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru, 560 099	Re-appointment of Russell Walls as an Independent Director for a period of three years i.e. till the conclusion of 27 <sup>th</sup> AGM
2	2017-18	July 25, 2018 2:30 PM	Tyler Jacks Auditorium, Biocon Park SEZ, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru, 560 099	Re-appointment of Suresh Talwar as an Independent Director for a period of five years, i.e. till the conclusion of 30 <sup>th</sup> AGM
3	2018-19	July 24, 2019 4:30 P.M.	Tyler Jacks Auditorium, Biocon Park SEZ, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru, 560 099	<ol style="list-style-type: none"> <li>To re-appoint Paul Blackburn as an Independent Director for a period of five years, i.e. till the conclusion of 3<sup>rd</sup> AGM of the Company.</li> <li>To approve Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020 and grant of Restricted Stock Units to eligible employees of the Company.</li> <li>To approve grant of Restricted Stock Units to the employees of present and future subsidiary company (ies) under Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020.</li> <li>To approve the provision of money by the Company for purchase of its own shares by the Syngene Employees Welfare Trust for the benefit of employees under Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020</li> </ol>

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

During the financial year, the Company had sought approval of the shareholders through postal ballot. The Board had appointed V Sreedharan, Practicing Company Secretary, partner of M/s V Sreedharan & Associates, Company Secretaries, Bengaluru (FCS 2347; CP 833) and in his absence Pradeep B Kulkarni, Practicing Company Secretary, Bengaluru (FCS7260; CP 7835), as the Scrutinizer for conducting the postal ballot process in fair and transparent manner. The details of the postal ballot are as follows:

Name of the Resolution	Type of Resolution	No. of Votes Polled	Votes cast in favour		Votes cast against	
			No. of Votes	%	No. of votes	%
Increase in the Authorised Share Capital and amendment of Memorandum of Association.	Ordinary Resolution	178,218,151	176,795,779	99.20	1,422,372	0.79
Issue of Bonus Shares by capitalization of reserves	Ordinary Resolution	178,218,151	174,456,563	97.88	3,761,588	2.11

None of the business proposed to be transacted at the ensuing Annual General Meeting requires passing of special resolution through postal ballot.

**Date of Postal Ballot Notice:** April 24, 2019  
**Voting Period:** May 1, 2019 to June 1, 2019  
**Date of Approval:** June 1, 2019  
**Date of Declaration of Result:** June 3, 2019

## Procedure for Postal Ballot

In compliance with the provisions of the Companies Act, 2013, read with appropriate rules made thereunder, the Company provides electronic voting (e-voting) facility to all its Members. The Company engages the services of Kfin Technologies Private Limited, the Registrar and Share Transfer Agents of the Company for the purpose of providing e-voting facility to all its Members. They have the option to vote either by physical ballot or through e-voting. The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its Members in the electronic form to the email addresses registered with their depository participants and to their registered addresses (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

## IV. Website

The website of the Company i.e. [www.syngeneintl.com](http://www.syngeneintl.com) contains a separate and dedicated "investors" section to serve shareholders, by giving complete information pertaining to the Board of Directors and its Committees, financial results including subsidiaries financials, stock exchange disclosures and compliances such as shareholding pattern, corporate governance report, press releases, notice of the Board and General Meetings, details of Registrar and Transfer Agents, details of unclaimed dividend and IEPF related information among others. The Company's Annual Report along with supporting documents is also available on the website in a user-friendly and downloadable form.

## V. NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre

NEAPS and BSE Listing Centre are web-based application designed by NSE and BSE respectively for the Corporates for smooth filing of information with the stock exchanges. All periodical compliance filings like shareholding pattern, corporate governance report, media releases are electronically filed on NEAPS and BSE Listing Centre.

## VI. SEBI Complaints Redress System ("SCORES")

Investor complaints are processed through a centralized web-based complaints redressal system. Centralised database of all complaints received, online upload of the Action Taken Reports (ATRs) by the Company, online viewing by investors of actions taken on the complaint and the current status are updated/resolved electronically in the SEBI SCORES system.

The scrutinizer submits his report to the Chairperson, after the completion of scrutiny and the consolidated results of voting by postal ballot are then announced by the Chairperson/any Director of the Company/Company Secretary. The results are also displayed on the Company's website, [www.syngeneintl.com](http://www.syngeneintl.com), besides being communicated to the Stock Exchanges, Depositories & Registrar and Share Transfer Agent. The date of declaration of Postal Ballot shall be the date on which the resolution would be deemed to have been passed, if approved by requisite majority

## Communication of Financial Results

### I. Quarterly financial results

The quarterly financial results are normally published in nationwide newspaper Financial Express and Vijayavani (Kannada edition) newspapers and are also displayed on the Company's website [www.syngeneintl.com](http://www.syngeneintl.com)

### II. News Releases, Presentations

Official news/press releases are sent to the Stock Exchanges from time to time and are also displayed on the Company's website [www.syngeneintl.com](http://www.syngeneintl.com)

### III. Presentations to Institutional Investors/Analysts

Presentations are made to institutional investors and financial analysts on quarterly financial results of the Company. These presentations are also published on the Company's website [www.syngeneintl.com](http://www.syngeneintl.com) and are sent to Stock Exchanges. The schedule of meetings with institutional investors/financial analysts are intimated in advance to the Stock Exchanges and disclosed on Company's website.

General Shareholders' Information	
Day and Date of Annual General meeting	Wednesday, July 22, 2020
Time	4:00 PM
Venue	The meeting shall be held through video conferencing/other audio-visual means. The deemed venue for the meeting shall be Biocon Campus, 20 <sup>th</sup> K.M. Hosur Road, Hebbagodi Bengaluru, Karnataka 561229, India
Financial year	April 01, 2019 to March 31, 2020
Date of Book Closure / Record Date / Cut off	July 15, 2020
Listed on Stock Exchanges	National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra – Kurla Complex, Bandra (East), Mumbai- 400 051
	BSE Limited (BSE) Floor 25, P J Towers, Dalal Street, Mumbai 400 001
Payment of annual listing fees	Paid
Stock Symbol / Scrip Code	Syngene (NSE) 539268 (BSE)
International Securities Identification Number (ISIN)	INE398R01022
Face Value per share	Rs. 10/-
Date of Listing	August 11, 2015
Financial Results calendar for 2020-21 (tentative dates)	
For the quarter ending June 2020	July 21, 2020
For the quarter ending September 2020	October 21, 2020
For the quarter ending December 2020	January 20, 2021
For the quarter ending March 2021	April 27, 2021

### Market Price Data for FY20

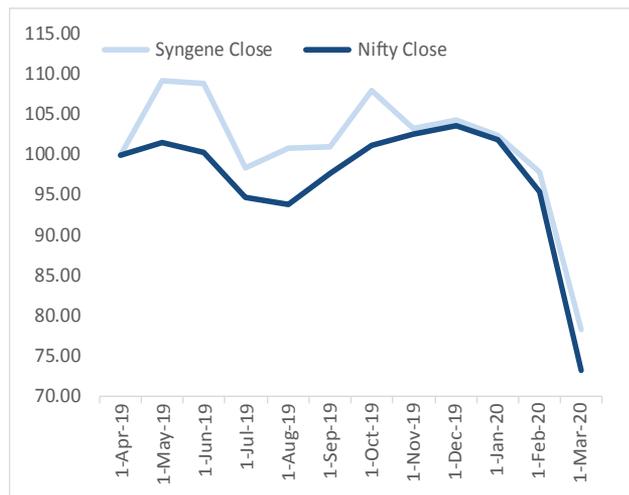
The Company's shares are regularly traded on BSE Limited and National Stock Exchange of India Limited. The monthly high/low and volume of shares of the Company from April 1, 2019 to March 31, 2020 are given below:

Months	NSE			BSE		
	High Price (Rs.)	Low Price (Rs.)	Volume of Equity Shares	High Price (Rs.)	Low Price (Rs.)	Volume of Equity Shares
Apr/19*	310.00	285.10	3,341,808	310.15	285.30	1,513,760
May/19*	354.00	292.38	5,064,673	351.23	292.28	558,120
Jun/19*	345.67	308.65	5,513,104	345.00	310.00	236,387
Jul/19	338.00	300.00	4,403,820	336.80	301.00	86,407
Aug/19	319.75	292.55	2,530,890	319.00	282.00	113,101
Sep/19	329.00	300.00	1,528,540	329.35	301.20	43,225
Oct/19	344.35	302.60	2,894,141	342.45	300.05	87,898
Nov/19	333.20	305.00	3,505,860	335.90	306.00	202,920
Dec/19	325.00	291.00	4,070,864	325.90	291.25	89,015
Jan/20	341.45	303.1	6,316,007	340.05	303.10	104,441
Feb/20	321.2	297.1	2,790,792	321.35	297.65	81,866
Mar/20	302.5	212.55	706,612	302.85	201.65	369,018

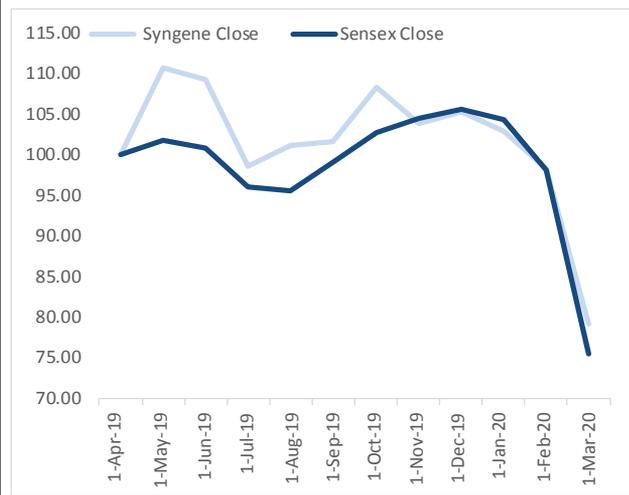
\*Prices have been adjusted for Bonus Issue of shares by the Company

## Relative Movement Chart

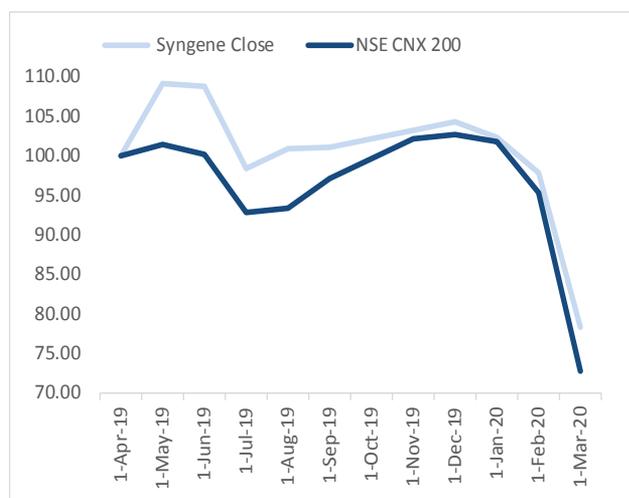
Syngene and S & P Nifty share price movement from April 1, 2019 to March 31, 2020



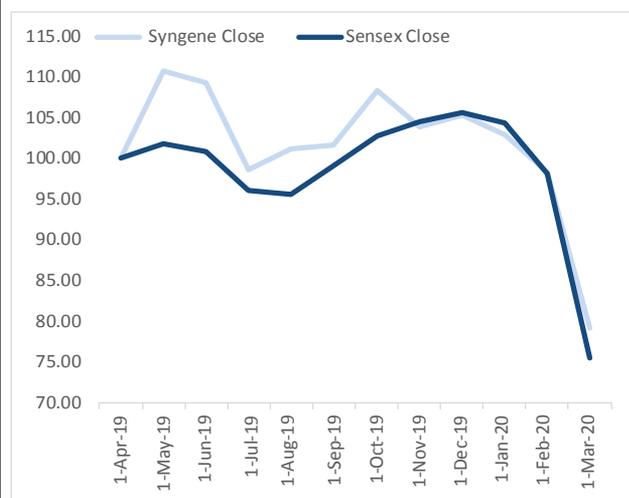
Syngene and BSE Sensex share price movement from April 1, 2019 to March 31, 2020



Syngene and S & P CNX 200 share price movement from April 1, 2019 to March 31, 2020



Syngene and BSE S & P 200 share price movement from April 1, 2019 to March 31, 2020



As on March 31, 2020 the securities of the Company are not suspended from trading.

### Registrar and Share Transfer Agent

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

## KFin Technologies Private Limited

(Unit: Syngene International Limited)

Plot 31-32, Selenium, Tower B, Gachibowli, Financial District, Nanakramguda,

Serilingampally Mandal, Hyderabad – 500032 Telangana,

E-mail id: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

### Share Transfer System

All the Company's shares are held in dematerialised form, except for 436 shares that were in physical form as on March 31, 2020. As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can only be transferred in demat form with effect from April 1, 2019, except in case of request for transmission or transposition of securities. The Stakeholders Relationship Committee approves the cases for transmission or transposition of shares in the physical form, if any received as per the time limits and procedure specified in Regulation 40 of SEBI Listing Regulations. There are no shares in Demat suspense account and unclaimed suspense account as on March 31, 2020.

### Distribution of shareholding (Category-wise) as on March 31, 2020:

Sl. No.	Category	Number of Shares	% to paid up Capital
1	Promoters	282,756,697	70.69
2	Foreign Institutional Investors	57,251,552	14.31
3	NRI & Foreign Nationals	1,038,468	0.26
4	Mutual Funds, Banks, Fls	33,577,791	8.39
5	Directors	150,000	0.04
6	Body Corporates	1,468,325	0.37
7	Indian Public & Others	20,293,742	5.07
8	Non-Promoter Non-Public	3,463,425	0.87
	<b>TOTAL</b>	<b>400,000,000</b>	<b>100.00</b>

### List of shareholders holding more than 1% of the paid-up share capital as on March 31, 2020

Sl No	Name	Shareholding	% to paid up Capital
1	Biocon Limited	280,974,772	70.24
2	Mirae Asset Equity Savings Fund	9,624,221	2.41
3	Camas Investments Pte. Ltd.	9,570,000	2.39
4	Reliance Capital Trustee Co. Ltd.	8,884,586	2.22
5	UTI-Unit Linked Insurance Plan	5,652,930	1.41
6	Aberdeen Standard SICAV I	4,719,610	1.18
	<b>Total</b>	<b>319,426,119</b>	<b>79.85</b>

## Distribution of shareholding by number of shares as on March 31, 2020

Sl. No	Category	No of shareholders	Total Shares	% to shareholders	% to Paid up Share Capital
1	up to 1 - 5,000	44,532	5,003,870	89.18	1.25
2	5,001 - 10,000	2,414	1,798,424	4.83	0.45
3	10,001 - 20,000	1,552	2,251,649	3.11	0.56
4	20,001 - 30,000	337	832,778	0.67	0.21
5	30,001 - 40,000	222	792,926	0.44	0.20
6	40,001 - 50,000	117	533,983	0.23	0.13
7	50,001 - 100,000	287	2,051,742	0.57	0.51
8	100,001 & Above	472	386,734,628	0.95	96.68
	<b>Total</b>	<b>49,933</b>	<b>400,000,000</b>	<b>100.00</b>	<b>100.00</b>

## Dematerialisation of Shares and Liquidity

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

## Other outstanding instruments

There are no outstanding GDR/ADR/warrants/any convertible instruments as on March 31, 2020.

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

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

## Statement showing un-claimed dividend/IPO refund as at March 31, 2020

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

Sl. No.	Year	Nature	Dividend Amount per Share (in Rs.)	Amount of unclaimed dividend/IPO refund as at March 31, 2020 (in Rs.)	Due date for transfer of unclaimed dividend amount to IEPF (IEPF rule 3(1))
1	2015-16	IPO refund	NA	1,093,800	August 5, 2022
2	2015-16	Interim Dividend	1.00	60,275	April 16, 2023
3	2016-17	Final Dividend	1.00	53,663	September 1, 2024
4	2017-18	Final Dividend	1.00	55,995	September 28, 2025
5	2018-19	Final Dividend	0.50	42,032	August 29, 2026

## Plant Locations

Biocon Park SEZ, Plot No. 2, 3, 4 & 5 Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru-560099	113-C – 2, Bommasandra Industrial Area, Attibele, Hobli, Anekal Taluk, Bengaluru-560099
Syngene International Limited, IP-38 (Part), IP-39, IP-46, & IP-60, Kalavar and Bajpe village, Surathkal Hobli, Mangalore Taluk, Dakshina Kannada District, Karnataka	Building 9000, Plot No. 7, Survey Nos. 542, MN Park, Synergy Square 2, Genome Valley, Kolthur (V), Shameerpet (M), Medchal District, Hyderabad, Telangana -500078

## Address for Correspondence

<b>Financial Disclosure</b> Sibaji Biswas Chief Financial Officer Tel: 91 80 – 6891 9807 E-mail id: <a href="mailto:sibaji.biswas@syngeneintl.com">sibaji.biswas@syngeneintl.com</a>	<b>For queries related to shares / dividend / compliance</b> Priyadarshini Mahapatra Company Secretary and Compliance Officer Tel.: 91 80 - 6891 8781 E-mail id: <a href="mailto:priyadarshini.mahapatra@syngeneintl.com">priyadarshini.mahapatra@syngeneintl.com</a>
<b>Media</b> Sandeep Nair Corporate Communications Tel: 91 80 - 6891 8775 E-mail id: <a href="mailto:sandeep.nair@syngeneintl.com">sandeep.nair@syngeneintl.com</a>	<b>Investor Relations (Investors &amp; Research Analysts)</b> Krishnan G Investor Relations Tel: 91 80 – 6891 9807 E-mail id: <a href="mailto:Krishnan.G@syngeneintl.com">Krishnan.G@syngeneintl.com</a>
<b>Regd. Office Address</b> Syngene International Limited Biocon Park SEZ, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru 560 099 Tel: 91 80 – 6891 5000 E-mail id: <a href="mailto:investor@syngeneintl.com">investor@syngeneintl.com</a>	<b>Registrar and Share Transfer Agents</b> KFin Technologies Private Limited (Unit: Syngene International Limited), Plot 31-32, Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel: 91 040 – 6716 1518 E-mail id: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>

## Credit Rating

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

## Other Disclosures

### I. Materially significant related party transactions

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 into.

All transactions entered with related parties during the financial year were in the ordinary course of business and on an arm's length basis. It did not attract provisions of Section 188 of the Companies Act, 2013, relating to approval of shareholders. However, prior approval from the Audit Committee was obtained

for transactions, which were repetitive and in the normal course of business. Further, reports on the transactions entered into are also placed before the Audit Committee and the Board on a quarterly basis for review. Details of related party transactions are also presented in the notes to financial statements.

### II. Details of non-compliance

During the last three years, there were no instances of non-compliances by the Company related to capital markets and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities. The Company has also complied with the requirements of Corporate Governance and disclosed necessary information as specified under the SEBI Listing Regulations.

### III. Whistle-blower/vigil mechanism

The Company's Whistle Blower policy allows employees, directors and other stakeholders to report genuine grievances, corruption, fraud, misconduct, misappropriation of assets and non-compliance of code of conduct of the Company or any other unethical practices. The Policy provides adequate

safeguard against victimization to the Whistle Blower and enables them to raise concerns to the Integrity Committee and also provides an option of direct access to the Chairperson, Audit Committee. Syngene has engaged "In Touch India, Ernst & Young" to provide online platform to raise complaints by whistle blower. During the year, none of the employees have been denied access to the Chairman of the Audit Committee.

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

#### IV. Compliance with mandatory requirements and adoption of non-mandatory requirements

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

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

- The Company is in the regime of unqualified financial statements.
- The Internal Auditors report directly to the Audit Committee.
- The posts of Chairperson & Managing Director and Chief Executive Officer were held by separate individuals during the FY20. However, w.e.f. April 01, 2020, the posts of the 'Non-Executive Chairperson' and 'Managing Director & Chief Executive Officer' are held by separate individuals. The Non-Executive Chairperson is entitled to maintain the chairperson's office at the Company's expense and is also allowed reimbursement of expenses incurred in performance of her duties.

#### V. Disclosure of Accounting Practices

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies

(Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

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

These financial statements have been prepared for the Company as a going concern based on relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2020. These financial statements were authorised for issuance by the Board on May 12, 2020.

#### VI. Policy for determining material subsidiary

The Company has no material subsidiary.

#### VII. Policy on dealing with Related Party transactions

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

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

The Company has not raised any fund through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) during the FY 20.

#### IX. Fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor.

BSR & Co. LLP are the Statutory Auditors of the Company. They also audit the financial statements of Syngene USA Inc., a wholly owned subsidiary of the Company. The details of payment made to them on consolidated basis is available in note no. 25 in Consolidated Financial Statements.

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

SI No.	Particulars	Number of Complaints
1	Number of complaints filed during the financial year	3
2	Number of complaints disposed of during the financial year	2
3	Number of complaints pending as at the end of the financial year	1 (Complaint received in March 2020)

**XI. CEO and CFO Certification**

As required under Regulation 17(8) of the SEBI Listing Regulations, the CEO and CFO have jointly furnished annual certification on financial reporting and internal controls to the Board of Directors of the Company. The CEO and CFO also jointly furnish the quarterly certification on financial results while placing the results before the Board in terms of Regulation 33(2) of the SEBI Listing Regulations, 2015.

**XII. Certificate from Company Secretary in practice**

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

**XIII. Corporate Governance Compliance Certificate**

As required under Schedule V (E) of the SEBI Listing Regulations, the corporate governance compliance certificate from M/s B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248WW100022), Statutory Auditors of the Company, is annexed with the Directors' Report as Annexure 6.

**XIV. Code of Conduct**

In compliance with Regulation 26(3) of the SEBI Listing Regulations and the Companies Act, 2013, the Company has framed and adopted the Code of Conduct for the Board and Senior Management. The Company has received confirmations from the Board and Senior Management regarding compliance of the code during the financial year under review. The Code of Conduct is available on the website of the Company at <https://www.syngeneintl.com/investor-relations/corporate-governance>. All the members of the Board and Senior Management have affirmed compliance to the Code as on March 31, 2020.

**XV. Code for prevention of insider trading practices**

The Company has formulated a comprehensive Code of Conduct for Prevention of Insider Trading for its designated persons, in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. The Directors, officers, designated persons and other connected persons of the Company are governed by the Code. The Code is also posted on the website of the Company at <https://www.syngeneintl.com/investor-relations/corporate-governance>.

**XVI. Disclosure by senior management personnel**

The senior management of your Company have made disclosures to the Board confirming that there are no material, financial and commercial transactions where they have personal interest that may have a potential conflict of interest with the Company at large.

**XVII. Agreement on compensation of profit sharing in connection with dealings in securities of the Company**

During the financial year under review, no employee including Key Managerial Personnel or Director or Promoter of the Company had entered into any agreement, either for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in securities of the Company.

**XVIII. Declaration by the CEO on the Code of Conduct**

This is to confirm that the Company has adopted the Code of Ethics and Business Conduct, which is applicable to all Directors, officers and employees of the Company and this Code is posted on the Company's website. I hereby confirm that all the members of the Board and Senior Management Personnel of the Company have affirmed compliance with the Code of Ethics and Business Conduct in respect of the financial year ended March 31, 2020.

**For Syngene International Limited**

Date: May 12, 2020  
Place: Bengaluru

Jonathan Hunt  
Managing Director &  
Chief Executive Officer

## Annexure A

### Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**SYNGENE INTERNATIONAL LIMITED**  
Biocon SEZ, Biocon Park, Plot.No.2 & 3,  
Bommasandra Industrial Area IV Phase,  
Jigani Link Rd, Bommasandra, Bengaluru - 560099

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SYNGENE INTERNATIONAL LIMITED**, having CIN L85110KA1993PLC014937 and having registered office at Biocon SEZ, Biocon Park, Plot. No.2 & 3, Bommasandra Industrial Area IV Phase, Jigani Link Rd, Bommasandra, Bengaluru - 560099 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs (MCA).

#### Details of Directors:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Mrs. Kiran Mazumdar Shaw	00347229	18/11/1993
2.	Mr. John McCallum Marshall Shaw	00347250	24/03/2000
3.	Ms. Vinita Bali	00032940	31/07/2017
4.	Mr. Bala S Manian	01327667	24/06/2015
5.	Ms. Sharmila Abhay Karve	05018751	01/08/2019
6.	Ms. Catherine Patricia Rosenberg	06422834	08/08/2000
7.	Mr. Paul Fredrick Blackburn	06958360	26/08/2014
8.	Mr. Vijay Kumar Kuchroo	07071727	01/03/2017
9.	Mr. Jonathan Brittan Hunt	07774619	01/05/2017
10.	Mr. Carl Peter Decicco	08576667	01/10/2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 04.05.2020  
Place: Bengaluru

For **V. SREEDHARAN & ASSOCIATES**  
(Devika Sathyanarayana)  
Partner  
ACS: 16617; CP No.17024  
UDIN Number A016617B000198073

# Business Responsibility Report for 2019-2020

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

## Section A: General Information about the Company

- Corporate Identity Number: L85110KA1993PLC014937
- Name of the Company: Syngene International Limited
- Registered address: Biocon SEZ, Biocon Park, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru – 560 099
- Website: [www.syngeneintl.com](http://www.syngeneintl.com)
- Email-id: [investor@syngeneintl.com](mailto:investor@syngeneintl.com)
- Financial year reported: April 1, 2019 to March 31, 2020
- Sector(s) that the Company is engaged in (Industrial activity code-wise): Scientific Research & Development (NIC code 72).
- Three key products/services that the Company manufactures/provides (as in B/s):
  - Dedicated Centres
  - Discovery Services
  - Development Services and Manufacturing.
- Total number of locations where business activity is undertaken by the Company
  - (a) Number of International Locations – Nil
  - (b) Number of National Locations – Six operational units (Four in Bengaluru, one in Mangaluru and one in Hyderabad)
- Markets served by the Company – Syngene provides its services to a global clientele spread across 35+ countries

## Section B: Financial Details of the Company

SI No	Particulars	Details as on March 31, 2020 (In Million)
1.	Paid up capital	Rs. 4,000
2.	Total turnover (Revenue from operations)	Rs. 20,119 Mn
3.	Total profit after tax	Rs. 4,115 Mn
4.	Total spending on Corporate Social Responsibility (CSR) by the Company	2% of the average net profits of the Company made during three immediate preceding financial years. Refer Annexure 10 of the Board's Report.
5.	List of activities in which expenditure in 4 above has been incurred.	Please refer Annexure 10 of the Board's Report.

## Section C: Other Details

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

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR:

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

- DIN:07774619
- Name: Jonathan Hunt
- Designation: Managing Director & CEO

b) Details of the BR Head:

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

### Principles covered under the Business Responsibility Report

SI No	Description	Reference of Syngene Policies
P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Code of ethics and Business Conduct, Integrity and Whistle Blower policy
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Environment, Health, Safety and Sustainability (EHSS) policy, Quality policy and procurement SOP
P3	Businesses should promote the well-being of all employees	HR Policies including Employment policy and Prevention of Sexual Harassment 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	Code of ethics and Business Conduct, HR policies
P6	Business should respect, protect and make efforts to restore the environment	Environment, Health, Safety and Sustainability (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):**

SI 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 been approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director	Y	Y	Y	Y	Y	Y	N	Y	Y
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Jonathan Hunt, Managing Director & CEO, along with the Executive Committee is authorised to oversee policy implementation.								
6	Indicate the link for the policy to be viewed online? (** refer note)	Y	Y	Y	Y	Y	Y	N	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders? (** refer note)	Y	Y	Y	Y	Y	Y	N	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	N	Y	Y	N	N	Y

**Note:** \*Public Policy Advocacy is yet to be formulated. 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 the Company's website [www.syngeneintl.com](http://www.syngeneintl.com).

**1. Governance related to Business Responsibility:**

The governance related to Business Responsibility is being reviewed periodically by the Executive Committee. A copy of the report will also be made available at [www.syngeneintl.com](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. Its corporate governance framework is an integral element of the organisational culture and covers the Company and its suppliers/contractors/others. It has adopted a policy on Code of Ethics and Business Conduct, which is applicable to all employees and directors to guide them to conduct business in an ethical, responsible and transparent manner.
1.2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company's Whistle Blower policy allows directors, employees, and other stakeholders to report genuine grievances, corruption, fraud, misconduct, misappropriation of assets, and non-compliance of code of conduct of the Company or any other unethical practices. The policy provides them adequate safeguard against victimisation to the Whistle Blower and enables them to raise concerns to the Integrity Committee. It also provides an option of direct access to the Chairperson, Audit Committee. Syngene has engaged "In touch India, Ernst & Young" to provide an online platform to raise complaints by the whistle blower. For details pertaining to shareholders complaints, refer to the 'Shareholders Complaints' section in the Corporate Governance report of the annual report. For other grievances, refer principle 3.7 of this report. The Company did not receive any external stakeholder complaints during the last financial year.

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

2.1 List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. Syngene offers a range of integrated services across the drug discovery and development value chain. Due to the integrated nature of the Company's services, it is not possible to define the concerns, risks and opportunities for each service individually. However, it considers EHSS as a top priority in all its processes and is committed to achieving it in the most responsible manner.

2.2 For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional): The performance indicators are different in each of the Company's business units, most common being the laboratory footprint and equipment occupancy. The Company has set standards to monitor and control the consumption of resources at various stages of its operation. During the year, the electricity and water consumption has increased owing to the addition of new facilities. The consumption details are shown in the table below:

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

**Equipment Occupancy**

Particulars	FY19	FY20
Electrical Units/KL of reactor occupancy	485 Units /KL of reactor Occupancy	569 Units /KL of reactor Occupancy

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

**Rest all Laboratory and plants foot-print**

Particulars	FY19	FY20
Electrical Units Consumed	40.2 Units/sq. ft.	41.58 Units/sq. ft.
Water	Raw Water: 0.024 KL /Sq. ft. Processed Water: 0.050 KL/sq. ft.	Raw Water: 0.030 KL /Sq. ft. Processed Water: 0.048 KL/sq. ft.
Steam	0.013 Ton /sq. ft.	0.009 Ton /sq. ft.

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

2.3 Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs were sourced sustainably? Also, provide details thereof, in about 50 words or so. Syngene has set in place a comprehensive sourcing procedure. Various procurement and commercial related policies define the parameters based on which vendors are evaluated and selected for supplying various materials. Periodic vendor audits are also conducted to ensure compliance with the Company's sourcing policies. During FY20, 60% of the procurement was from domestic vendors.

2.4 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors? As part of the Company's community development philosophy, it supports functions such as catering, employee transportation services, housekeeping, landscaping and others. These functions are outsourced to local vendors in the vicinity of its operations with an objective of developing them as well as supporting economic growth

2.5 Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so. Syngene is accredited with ISO 14001: 2015 and ISO 45001: 2016 certification from TUV Nord. It has successfully implemented various measures aimed at optimising, recycling, recovering and reusing resources and achieved 'Zero Liquid discharge' at its Biocon park site. The waste water generated in its research laboratories and manufacturing facilities is transferred to its effluent treatment plant and the treated water is recycled for use in utilities. Treated sewage is utilised for landscaping as per prescribed norms. The Company has also put in place systems and processes to actively recover solvents used in the manufacturing process and reuse them in the best possible manner in line with regulatory guidelines. During the financial year, about 70% solvents were recycled and reused.

Syngene actively campaigned during the year for phasing out of single use plastic such as waste carry bags, water bottles. These plastic bags were replaced with bio-degradable starch-based bags.

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

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

- 3.1 Please indicate the total number of employees 4946
- 3.2 Please indicate the total number of employees hired on contractual/casual basis Consultants – 226  
Trainees – 3  
Contract workmen – 973
- 3.3 Please indicate the total Number of permanent women employees. 1121
- 3.4 Please indicate the number of permanent employees with disabilities 2
- 3.5 Do you have an employee association that is recognised by management? No
- 3.6 What percentage of your permanent employees are members of this recognised employee association? Nil

3.7 Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. During FY20, there were no instances of any child labour, forced/involuntary labour or discriminatory employment. The Company has a Prevention of Sexual Harassment policy in accordance with the statutory requirements of Sexual Harassment of Women at Workplace (prevention, prohibition and redressal) Act, 2013. All sexual harassment complaints are diligently reviewed and investigated by an Internal Complaints Committee constituted under the Prevention of Sexual Harassment policy.

The summary of such complaints received and resolved during the financial year is given below:

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as at the end of the financial year
1	Child labour/ forced labour / involuntary labour	0	0
2	Sexual harassment	3	1 (received in March 2020)
3	Discriminatory employment	0	0

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

Category	Skill-Upgradation Trainings	Safety Trainings
Permanent employees	85%	97%
Permanent women employees	83%	92%
Casual/temporary employees and workers	NA	68%
Employees with disabilities	100%	100%

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

- 4.1 Has the company mapped its internal and external stakeholders? Yes/No  
The Company has identified its stakeholders, both internal as well as external, who directly or indirectly influence its business. Key stakeholders include employees, contract workers, clients, consultants, investors and shareholders, vendors, contractors, suppliers and distributors, Government and regulators and local communities.
- 4.2 Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?  
Yes, the Company has identified the disadvantaged, vulnerable and marginalised stakeholders and through Biocon Foundation, it undertakes various initiatives for the benefit of these communities. For more details, please visit <http://www.bioconfoundation.org/>.
- 4.3 Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.  
Being socially responsible is integral to Syngene's corporate spirit. The Company engages with the disadvantaged, vulnerable and marginalised stakeholders through various programmes at the national and state levels. Primary healthcare, potable water, education programmes, sanitation, women empowerment programmes, environmental sustainability and rural development programmes were undertaken during FY20. The Company also undertakes projects under schedule VII of the Companies Act, 2013. All CSR activities for FY20 were executed through the Biocon Foundation. Please refer to the 'Corporate Social Responsibility' section of the Boards' Report of Annual Report 2019-20 for more information.

**Principle 5 - Businesses should respect and promote human rights.**

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

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

- 6.1 Does the policy relate to Principle 6 cover only the company or extends to the Group/Joint Ventures /Suppliers/Contractors / NGOs/ others?  
Syngene supports environmental protection through its EHSS policy. The policy is applicable to the Company, its employees and subsidiary unit. This policy and principles are also communicated to all stakeholders of the organisation.
- 6.2 Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.  
Syngene is committed to maintaining the highest standards of EHSS by complying with applicable laws and regulations. The Company's EHSS policy is available on [www.syngeneintl.com](http://www.syngeneintl.com).  
Sustaining an equitable balance between economic growth and environment preservation has always been a key focus area for the Company. The environment management approach has led to efficient and optimum utilization of available resources as well as minimization of waste which is carried out by the adoption of latest technologies. Syngene has adopted Energy Policy to achieve energy efficiency and optimization and reduce Scope-2 emission (Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by a company). Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated)  
Some of our key environment management programs in 2019-20 include:
- Continue to pursue the philosophy of 'Zero Liquid Discharge' (Reusing treated effluent for gardening and utilities)
  - Kavach program – A safety initiative for cultural change and sustainability across the organisation.
  - Implementation of Online IT Returns submission – Reduction in paper usage.
  - Quenching station for safe disposal of expired and discarded Hazardous chemicals.
  - Chemical sweep program for Cold rooms to minimize the waste and fire risk. This is an ongoing activity to minimize inventory and ensure that the FIFO principle is applied to all materials.
  - Use of metal beads instead of Oil for the reaction heating to reduce the waste oil generation.

- Use of alternate chemicals in place of highly hazardous chemicals (Replacing resources for better environment)
- Use of LED lights in the office areas and laboratories wherever feasible (energy conservation)
- Use of Trapping Flask (Reduction of solvent exposure)
- Use of Reusable lids (Reduction of hazardous waste)
- More high-pressure water jet pumps were installed to reduce water usage, and conserve this valuable resource

We have come up with a State of the Art manufacturing plant at Mangaluru, Karnataka and following are some of the key initiatives with respect to EHSS management.

- Rain water Harvesting
- Contaminated firewater retention and treatment concept.
- Zero liquid discharge facility for effluent treatment.
- Safety by Design concept to ensure a safe working environment.
- LED lighting across the facility.
- Development of Green Belt in and around the Company's operations.

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

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

7.1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Syngene is committed to contributing to the development of the CRO industry by partnering with regulatory authorities and industry associations in framing appropriate policies and guidelines. It is a member of the Association of Biotechnology Led Enterprises (ABLE) and Basic Chemicals, Cosmetics and Dyes Export Promotion Council (Chemexcil).
7.2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Syngene works closely with multiple national and international industry and trade associations, through active participation across these platforms. It tries to advance and promote its views on new standards or regulatory developments pertaining to the Contract research industry. The Company also uses its industry domain knowledge and experience to make sound policy decisions to drive change in public policies that are beneficial to the industry in India and globally.

## Principle 8 – Businesses should support Inclusive Growth and Equitable Development

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

In the year under review, our corporate social responsibility initiatives were focused on key issues such as improving access to quality education and primary healthcare, safety of women and rural development for wellbeing of poor, vulnerable and disadvantaged groups.

### 1. Healthcare

**eLAJ Smart Clinics** - Our eLAJ Smart Clinic program has reformed the quality of service offered by 20 Primary Health Centres (PHCs) of the Government of Karnataka with electronic patient record system and better screening and diagnostic services for evidence-based and continuum of care.

These centres are apart from three smart clinics of Biocon Foundation in Bengaluru Urban which also provide services for early detection and management of diabetes, hypertension, common cancers and comorbidities. It deals with woman, child and geriatric health issues through targeted health camps.

In view of high burden and limited infrastructure for the management of non-communicable diseases (NCD) in Nagaland, an NCD clinic is set up at Community Health Centre Medziphema, Dimapur. The approach involves awareness, door-to-door screening, treatment and control.

**Mental Health** – Biocon Foundation has partnered with National Institute of Mental Health and Neurosciences (NIMHANS) to innovate, integrate and advocate for public mental health. The collaborative effort will result in –

- Development of a mental health resource kit for supporting community informal care and self-care
- Bridging the communication gap in elderly by screening of hearing losses and provision of hearing aids and
- Addressing technology addiction amongst adolescents in schools

### 2. Nutrition

The provision of nutritious meals for pregnant and lactating women and children through anganwadi centres in Sangareddy, Telangana is to promote healthy pregnancy outcomes and overall growth of children in early years. The supply of mid-day meals to schools in Bengaluru will improve the nutritional status and educational attainment.

### 3. Education:

**Classroom Materials:** We have developed interactive modules for first-aid, life skills to be implemented on 'No Bag Days' for government schools in Karnataka. We are also investing in professional development of master trainers and teachers.

**Child Health Activists Mentoring & Promoting Health in Society (CHAMPS):** The schoolchildren are trained as health activists who create awareness in the community and inculcate right practices like healthy diet and physical activity. It lays the foundation for responsible health behaviours in CHAMPS for the rest of their lives.

**Mobile Science Lab:** Equipped with more than 100 scientific instruments and models, the mobile laboratory provides an opportunity for experiential learning to students of 14 Government schools in Anekal, Bengaluru.

**Aata Paata Wadi:** The after-school learning centre is established at Ashrama School, Tithimathi, Kodagu. The enrichment program imparts lessons in English and digital literacy besides providing an opportunity to engage in sports activities, art & craft and life skills.

**Digital Learning:** To bridge the digital divide in education, we provided computers, tablets and projectors to Government schools in Karnataka.

### 4. Women's Empowerment

Our support to Parihar, an initiative of Bengaluru City Police, is to provide police support, counselling and rehabilitation services to distressed women and children. Parihar conducts workshops for the police force to sensitize them about communication and the legal rights of women and children. Awareness sessions are conducted in schools and colleges about women's rights. Vocational training is provided to women.

Security cameras and surveillance system support has been extended to the Hebbagodi Police to improve the vigilance in Anekal, Bengaluru and create a safe environment for working women.

### 5. Rural Development

In order to provide a conducive environment for pre-school and school education in rural areas, we are refurbishing and constructing buildings, classrooms, sanitation and other facilities at schools and anganwadis in Dakshina Kannada district of Karnataka.

8.2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?	<p>Biocon Foundation, a non-profit charitable Trust is the prime implementing agency for CSR activities of the Company. The Foundation implements projects / programs in following modes:</p> <ol style="list-style-type: none"> <li>I. Direct execution</li> <li>II. Partnerships - meaningful collaborations with like-minded organisations through memorandum of understandings</li> <li>III. Grant making – provision of grants to NGOs for innovative and impactful social projects</li> </ol>
8.3	Have you done any impact assessment of your initiative?	<p>We have adopted a data-driven approach for CSR. eLAJ Smart clinic has a dashboard for evidence-based practices and provides real-time data for analysis by our in-house medical team. Third-party impact assessment has not been conducted as it is resource intensive.</p> <p><b>Healthcare:</b></p> <ul style="list-style-type: none"> <li>• About 80,000 patients availed health services at eLAJ Smart Clinics (Over 1.5 Lakh patient visits).</li> <li>• About 400 NCD cases were managed in monthly specialist camp in Bengaluru (Over 1,900 patient visits).</li> <li>• About 1,800 patients were screened for NCDs in door-to-door visits in Dimapur, Nagaland</li> <li>• About 2,400 patient visits were recorded at NCD clinic, Medziphema, Nagaland</li> </ul> <p><b>Education:</b></p> <ul style="list-style-type: none"> <li>• More than 130 Master Resource Persons trained on life skills and first-aid modules who in turn will build capacity of about 5,000 District Resource Persons</li> <li>• The mobile science lab paid 179 visits to government schools, enabling more than 8,000 exposures for boys and about 9,500 exposures for girls (An exposure is a count of the face-to-face interactions with students and each of 2-3 hours duration).</li> <li>• More than 2,100 individuals were screened for high blood pressure in their communities by 83 students CHAMPS from 14 government schools.</li> <li>• Above 150 marginalised children benefited from the Aata Paata Wadi enrichment program.</li> </ul> <p><b>Women's Empowerment:</b></p> <ul style="list-style-type: none"> <li>• 612 cases of counselling by Parihar from the beginning of the program in Jan 2020, 392 cases reconciled and settled amicably.</li> <li>• 80 women attended the livelihood enhancement training organised by Parihar</li> </ul>
8.4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?	<p>During FY20, Syngene contributed Rs. 73.80 Mn towards its CSR initiatives. For more details, please refer Annexure 10 of Board's Report.</p>
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>Our programs are based on strong community engagement in ways that allow collective decision-making, planning, implementation and sustainability. The expectations and priorities of community is evaluated to design initiatives and feedback is collected to improve services. We have developed long-term relationships with varied stakeholders and promote continuous dialogue throughout the phases of the project lifecycle.</p>

**Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner**

9.1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	A customer complaints redressal system has been set up to effectively document and address any customer complaint in an efficient and timely manner. During the financial year, 13 customer complaints were received, out of which 2 (15%) were pending as on March 31, 2020.
9.2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes /No /N.A. /Remarks (additional information)	NA
9.3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as at the end of the financial year? If so, provide details thereof, in about 50 words or so.	None
9.4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Syngene provides scientific solutions to a global customer base of over 300 companies across various industry segments, including pharmaceuticals, biotechnology, nutrition, animal health, Agro chemicals, consumer products and others. During FY20, Company has conducted a survey on customer satisfaction using services of an external vendor, to measure customers' experience with the Company and understand their expectations, gauge the business opportunities from partnership prism and get actionable inputs and recommendations to improve customer experience. The results of the survey were analyzed and shared with the leadership team of each of the Business Units.

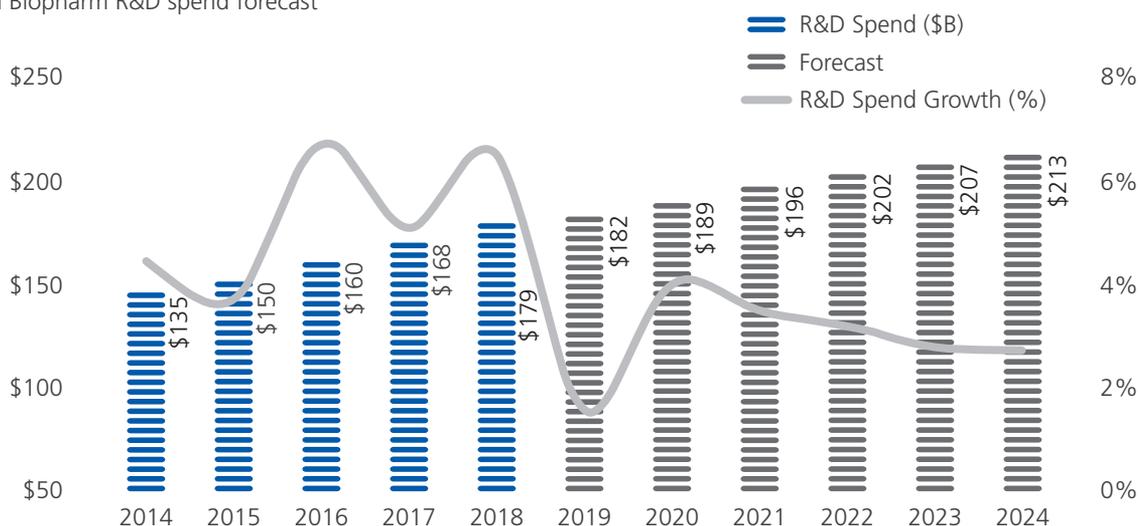
# Management Discussion & Analysis

## Research & Development

On average, pharmaceutical companies spend nearly 17% of their revenues on R&D in order to bring innovative medicines to the market.<sup>1</sup> Global R&D investment by biopharmaceuticals reached a record USD 179 Billion (Bn) in 2018 and is projected to grow by USD 34 Bn, a compound annual growth rate (CAGR) of 3%, by 2024.

### R&D spending reached a record \$179B in 2018 and is expected to grow by \$34B by 2024

Global Biopharm R&D spend forecast



Source: EvaluatePharma, 2019

R&D investment to develop new and improved products is also increasing outside the life sciences sector. Personal care, cosmetics, nutrition, agrochemicals and speciality chemicals are segments that have benefited from constant innovation and product development. For example, R&D expenditure of major agrochemicals companies has remained consistently high at 7-10% of overall sales for the past fifty years according to an industry report (insert reference: <https://croplife.org/wp-content/uploads/2018/11/Phillips-McDougall-Evolution-of-the-Crop-Protection-Industry-since-1960-FINAL.pdf> .)

## Contract Research Organisations

Contract Research Organisations (CROs) undertake R&D activities on a contract basis for other organisations. Activities that are outsourced to CROs include a wide spectrum of tasks from basic research to late stage development including: assay development, target validation, lead optimization, genetic engineering, hit exploration, efficacy and safety tests in animal models, as well as human clinical trials. Over the past decade, the contract research industry has witnessed rapid growth as companies increasingly outsource R&D activities to improve productivity and efficiency across their value chain.

The global CRO market is estimated to grow at 7.6% CAGR during 2019 to 2025, to surpass USD 61 Bn in terms of value by the end of this period.<sup>2</sup> Access to relevant patients, willingness to participate in trials and competitive costs make clinical trial management an attractive service for many of the largest companies in the CRO sector. It is important to note that while Syngene has the capability to undertake small size trials, clinical trials do not represent a significant proportion of the current business model.

In terms of service type, the CRO market for early phase development services, which includes drug discovery, chemistry,

<sup>1</sup> <https://www.investopedia.com/ask/answers/060115/how-much-drug-companys-spending-allocated-research-and-development-average.asp>

<sup>2</sup> <https://www.globenewswire.com/news-release/2019/10/28/1936031/0/en/CRO-Market-value-to-cross-61-billion-by-2025-Global-Market-Insights-Inc.html>

manufacturing & control (CMC) and pre-clinical research, was valued at around USD 6.3 Bn in 2018.<sup>3</sup> To mitigate the high risks associated with the early stages of drug development, drug developers are expected to continue outsourcing a significant part of their R&D activities, thereby underpinning CRO market growth.

The global research market can be segmented by therapeutic area. From this perspective, the oncology segment dominates the market in terms of revenue and is anticipated to grow by around 7.5% CAGR during 2019 to 2025.<sup>4</sup> Biologics, also known as large molecules, have revolutionised the treatment of many serious diseases. As research and manufacturing activities of biologics are far more complex and expensive than small molecules, these activities are being increasingly outsourced by biopharmaceutical companies.

## Opportunities in the CRO Industry

### Increasing role of CROs in the R&D value chain

Healthcare CROs are playing an increasingly valuable role in the industry value chain, contributing at different stages throughout the drug discovery and development process. As the industry matures, R&D service providers have also acquired a breadth of scientific experience, newer technological capabilities, and the expertise to navigate regulatory complexities. With extensive scientific expertise, CROs serve as partners in innovation while delivering a broad spectrum of their clients' early-stage research needs, reducing time to market for a drug, and promoting cost efficiency.

### New therapeutic approaches

The CRO industry sees immense opportunities from advances in drug research and development, which are resulting in a surge in biologics and other complex therapies such as cell and gene therapies (CAR-T therapy), growth in therapy areas like immunoncology, rare diseases, neurology and rising demand for personalized medicines and treatments to target specific diseases.

### Strategic partnering

With increasing engagement of CROs at different stages of discovery and development, strategic partnerships between clients and CROs are becoming more common. Both parties invest in the projects resulting in successful, long-term relationships.

### Cost saving with outsourcing

To offset the steep cost of innovation, biopharmaceutical companies are increasingly seeking new ways of carrying out R&D operations through outsourcing. Small to mid-sized

pharmaceutical companies, biotechnology start-ups, and organisations outside the life sciences sector often choose to access the R&D capability, capacity and scale they need through outsourcing rather than building their own capability internally.

R&D service providers can help innovator companies minimise investments in capital-intensive in-house facilities and convert fixed R&D expenditures into variable costs, thereby enabling them to balance investment risk.

Driven by the pressing demand for both affordable innovation and sustainable economic returns, R&D is increasingly taking place in a dynamic ecosystem, opening up opportunities for small and medium-sized companies and pharmaceutical start-ups to command a greater share of R&D in future.

## Company Overview

Incorporated in 1993, Syngene International Limited (henceforth referred to as 'Syngene' or 'the Company') is a contract research organisation providing integrated research solutions spanning the discovery, development and manufacturing continuum for small and large molecules, antibody drug conjugates (ADCs), and oligonucleotides. Syngene's broad technological capability and deep scientific expertise make it an ideal partner for biopharmaceutical and other allied companies seeking integrated drug discovery services. While pharmaceutical research constitutes the major proportion of research activity, the Company also partners with firms in other sectors, including nutrition, animal health, consumer goods, and speciality chemicals. Over the past 12 months, the Company has served more than 360 clients across a range of sectors.

Syngene's differentiated strength lies in its employee base of more than 4,200 highly qualified research scientists and its sustained investment in the latest technology to keep pace with the demands of innovative science. Over the past decade, the Company has consistently attracted and retained premium talent. It has also invested in setting up state-of-the-art infrastructure and world-class systems. Use of the latest software and technology has strengthened its ability to meet global compliance and quality standards as well as respond to clients' demands in terms of new capabilities and technologies.

Syngene operates a range of collaboration models from long-term relationships with dedicated R&D centres to contracts based on Full-Time Equivalent (FTE) and Fee-for-Service (FFS) arrangements. Clients can select any one - or a combination - of these models to deliver their R&D programmes.

<sup>3</sup> <https://www.globenewswire.com/news-release/2019/10/28/1936031/0/en/CRO-Market-value-to-cross-61-billion-by-2025-Global-Market-Insights-Inc.html>

<sup>4</sup> Ibid.

In the FTE model, a defined number of scientific personnel from pre-determined disciplines are identified to work full-time on client projects. These agreements are typically renewed annually. The deliverables and team composition evolve as the project advances. Under the FFS model, the contract is for rendering agreed services within a defined scope. Flexible, on-demand scientific personnel and research infrastructure are deployed to realise the objectives of the client's R&D project. While client collaborations in Discovery Services are usually FTE-based, engagements in the Development and Manufacturing Services divisions are primarily based on the FFS model.

## Operational Performance

The Company now has four business divisions: Dedicated R&D Centres; Discovery Services; Development Services; and Manufacturing Services. This follows the sub-division of the Development and Manufacturing Division reflecting the need for a closer focus on manufacturing as the new API manufacturing facility in Mangalore comes on stream.

The Dedicated R&D Centre model provides ring-fenced infrastructure, scientific expertise and support personnel exclusively dedicated to handling a particular client's research programmes. The Discovery Services division offers all disciplines associated with early research, from target identification and high throughput screening to delivery of drug candidates for development. The Development Services division focuses on activities from pre-clinical to clinical trials for validating the safety, tolerability and clinical efficacy of the selected drug candidates. The Manufacturing Services division delivers clinical supplies, regulatory batches, and supplies for initial commercialisation of small molecules. The Company also has a state-of-the-art biologics manufacturing facility.

### Dedicated R&D Centres

Syngene operates four dedicated R&D centres for Bristol-Myers Squibb (BMS), Baxter Inc., Amgen Inc., and Herbalife. The long-standing collaborations with these global leaders, extending between five and fifteen years, reflect the confidence the Company has secured for its services. The Company continues to invest in new technologies, scientific expertise, systems and processes in these centres - in partnership with the client - in order to deliver reliable, high quality results while optimising efficiencies.

During the year, the Company achieved steady performance in its dedicated R&D Centres.

### Discovery Services

The Discovery Services division, comprising the scientific disciplines of chemistry, biology, safety assessment, and research informatics, delivered robust growth throughout the year as

the result of contract renewals and expansion of partnerships with existing clients, as well as the onboarding of new clients. Several FFS-based collaborations moved to an FTE-based model, reflecting the maturing of these partnerships and affording additional value. In addition to expanding Syngene's presence in the human life sciences sector, the division saw growing demand from clients in other sectors, particularly animal health.

Further operational integration of the core discovery-related disciplines, as well as enhanced collaboration with Development Services, has augmented Syngene's position as a service provider for fully integrated therapeutic discovery. Syngene's range of capabilities and extensive drug discovery knowledge, spanning from the early stages of target identification and validation, through to preclinical evaluation and preparation of drug substance and drug product for clinical testing, makes the company a very attractive partner and offers opportunities to provide services to new customer groups such as start-ups, academia, venture capital, government and not-for-profit organisations.

A key highlight for Discovery Services during the year was the opening of a state-of-the-art research and development centre in Hyderabad, India; a location that offers many advantages due to its excellent infrastructure, good connectivity, and extensive scientific talent pool. With strong environmental credentials, the first phase of the centre will house 150 Discovery Chemistry scientists. It is equipped with an internet-based system providing anytime, anywhere, monitoring of the operational status of systems, thus minimising downtime. It is also equipped with electronic laboratory notebooks - an important step towards total digitisation.

A key scientific advance during the year was the extension of the company's cellular and gene therapy research capabilities into CAR-T therapy, an innovative and leading-edge approach to treating cancer. Several projects within Discovery Biology covering hypothesis-testing and validation of new biological targets, as well as the exploration of novel mechanisms related to CAR-T therapies, are underway.

The Safety Assessment unit added a standalone histopathology capability to address specific requests from clients. This functional area within Discovery Services also added new technical capabilities for the conduct of hemocompatibility tests and safety pharmacology studies. A new vivarium will provide increased capacity to study the effects of novel therapeutic agents on health and disease.

Discovery Services has been actively exploring strategic partnerships with other leading research services companies to augment the range of capabilities accessible to clients as well as to expand Syngene's presence into new markets. Among these capabilities are a range of hit identification techniques and *in vivo* capabilities in non-human primates.

## Development Services

The Development Services division delivered steady performance during the year. New client projects were undertaken across the full range of services and multiple modalities. In particular, two new strategic collaborations in animal health increased the focus on that sector.

Notable scientific achievements during the year included the delivery of registration batches of multiple, modified-release tablet formulations of a drug that treats symptoms of multiple sclerosis for a Russian client — the result of a four-year collaboration. The Company also developed and validated a Human Papilloma Virus (HPV) assay, a test system increasingly being used for cervical cancer screening.

Building on the value being delivered as a result of taking an integrated approach to Discovery Services, the Company's Development Services embarked on a similar programme to strengthen the links between units, thus generating opportunities to gain a greater share of each client's R&D activities.

## Manufacturing Services

The construction of the API manufacturing facility in Mangalore, India, was completed on schedule and the facility will undergo qualification testing in the coming year. Once fully operational, it will allow the Company to offer commercial-scale manufacturing for small molecules.

Other major investments include the upgrade of the current development facility to meet Good Manufacturing Practice (GMP) requirements for High Potency Active Pharmaceutical Ingredient (HPAPI); installation of accelerating reaction calorimetry for ensuring process safety when scaling up production; digitisation of the Human Pharmacology Unit (HPU); and installation of a high throughput screening platform. A pilot fill-finish facility for injectables is currently under construction.

## Biologics Development and Manufacturing

Biological medicines have become an increasingly significant part of the biopharmaceutical pipeline and company R&D budgets are being adjusted accordingly. To capture this shift, Syngene has invested in the latest R&D technology for large molecules and the Company's Biologics unit is an emerging capability. Two 2KL bioreactors were commissioned during the year and a microbial manufacturing facility is being set up, strengthening the biologics manufacturing capacity.

New client wins were recorded in the year to add to the expansion and renewal of contracts with existing clients. The Company also entered into contracts with leading industry players for the development of biologics in animal health.

The scientific solutions delivered during the year include supplies of clinical trial material for three novel molecules for a variety of indications to clients around the globe. The first viral clearance study for marketing authorisation application was concluded for one of India's leading life sciences companies. The Company also achieved continuous supply of materials to a global consumer goods company. Yeast-fermentation in single-use bioreactor was successfully completed, thereby enhancing the Company's biologic development strengths.

## Leadership

On January 22, 2020, the Board of Directors separated the roles of Managing Director and Chairperson with effect from April 01, 2020. Jonathan Hunt, who was the Wholetime Director and Chief Executive Officer of the Company, was appointed in the role of Managing Director and Chief Executive Officer of the Company from April 01, 2020. Kiran Mazumdar Shaw, who was the Managing Director of the Company, now serves as the Non-Executive Chairperson.

During the year, the Board put considerable focus on strengthening the management team to drive the next phase of the Company's growth. This included the appointment of Dr Mahesh Bhalgat as Chief Operating Officer. A Ph.D. in medicinal chemistry, Dr Bhalgat has extensive experience in biotechnology, GMP manufacturing and biologics. Mr. Sibaji Biswas, an experienced finance professional, was appointed as the Chief Financial Officer. Dr Jan-Olav Henck was appointed as Senior Vice President – Development Services. Dr Henck has significant experience across both small and large molecule pharmaceutical development. Ms. Vinita Shrivastava was appointed as Chief Human Resources Officer. Having served in similar roles in other companies, the depth of her experience will be instrumental in driving talent management, organisational leadership and a culture of excellence at Syngene.

## Supporting The Operations

The Company implemented a variety of initiatives to further strengthen the focus on quality and compliance across its operations. Following revisions to the quality governance structure in the previous year, in-house expertise was developed in key areas of compliance and audit. Business-specific quality manuals were introduced to enhance the focus on standards and industry regulations.

Proactive monitoring of the evolving regulatory landscape helped in identifying and implementing best practises in order to strengthen existing quality systems. Significant progress was made towards the total digitisation of the Company's Quality Management System. Digitisation has brought in a higher degree of visibility and control over operations and will be fully rolled out in the current financial year. The Company also developed Good Research Practice (GRP) guidelines at par with global standards

in order to align its research processes and practices with the enhanced quality checks and compliance requirements. The proactive implementation of GRP adds to Syngene's reputation as a CRO offering differentiated services to international clients.

The Company's commitment to complying with global quality and regulatory standards was reflected in the positive outcome of the inspections conducted at its facilities during the year. The Human Pharmacology Unit (HPU) and an analytical laboratory for general Good Manufacturing Practices (GMP) coverage successfully completed United States Food and Drug Administration (USFDA) inspections. The Company received approval from the Ministry of Health of the Russian Federation for compliance with current Russian GMP standards. The Company's viral testing facility received Good Laboratory Practice (GLP) certification from the National GLP Compliance Monitoring Authority (NGCMA), making it India's first and only GLP-certified viral clearance study service provider. Several client audits were also successfully completed, thereby reinforcing confidence in the Company's systems and processes.

Finding ways to enhance operational efficiency is integral to the Company, with the aim of creating better value for all stakeholders. Implementation of the globally recognised 5S methodology of workplace management gained momentum during the year. Lean and Six Sigma practices have been adopted to improve business process capabilities. The concept of Lean Daily Management is being actively pursued to review daily performance in the areas of safety, quality, delivery with respective stakeholders at the shop floor.

## Awards & Recognition

The Company was conferred the 'Excellence in Contract Research and Manufacturing Services' award at the India Pharma Awards 2019 for its contribution to the growth of the industry. Reflecting its determination to attract and retain top talent, the Company's focus on recruitment, and employee training and development resulted in the National Best Employer Brand of the Year award from the World HRD Congress.

The Company received the 'Utthama Suraksha Puraskar' from the National Safety Council of India for its safety management systems and safety performance. The award underlines the Company's commitment to building world-class safety systems and processes. Transformance Business Media awarded the Company the 'Transformance Campaign of the Year Award' for its internal communication safety campaign, Kavach.

Syngene was ranked amongst the top 3 of the 50 companies listed on the stock exchange between April 2015 and March 2017 in the Indian Corporate Governance (ICG) Scorecard 2019. The award recognises the Company's continued commitment to global standards of corporate governance.

## Human Resources

Syngene's success is made possible through the knowledge, expertise, and contribution of its employees. The Company's Human Resource (HR) policies are focused on attracting and retaining talented individuals, building effective teams and creating an environment where each staff member has an opportunity to contribute to the company's success and feel valued for the part they play.

With its growth as a global contract research organisation, Syngene has significantly reorganised and enhanced its leadership strength to support its integrated research approach. Several new positions were created, and local and global talent was inducted during the year.

Talent mapping is undertaken to plan ahead and ensure that we continue to have the right talents and skills within the company to deliver our strategy. The Company has tied up with over 40 renowned Indian academic institutes. Syngene scientists have helped to design the teaching curriculum at several of these institutes to ensure industry-relevant knowledge and skills are developed as part of the academic process.

As on March 31, 2020, the employee headcount stood at 4,946, as against 4,619 employees in the previous year. Of the new joiners, over 240 are scientists across different disciplines.

Syngene fosters a culture of continuous learning to develop the capabilities and skills of its employees. The Company's Leadership and Development (L&D) initiatives are targeted at sustained personal and professional growth for employees. In addition, employees are encouraged to attend national and international seminars and have ready access to scientific journals. In many cases, their Ph.D. studies are also funded by the Company.

Leadership forums are organised to disseminate knowledge on scientific topics, best practices, and company developments. Cross-functional training and periodic interactions with representatives from different service lines and enabling functions are promoted to develop new skills among employees and facilitate integration across service lines. The Syngene Training Academy provides the necessary training for new employees to facilitate their seamless integration into the Company.

Alongside attracting scientists with industry-critical skillsets, the Company recognises that it is crucial to retain this world-class talent. To meet this objective, the focus is on providing an enabling and inclusive work environment. This includes offering work-life balance options, state-of-the-art workplaces, fair and performance-based remuneration, and employee engagement. This year, the Company reinforced its focus on employee well-being by introducing a new health policy and creating a space to encourage employee fitness. Further motivation comes from a supportive leadership and a values-led organisational culture.

Kavach, the flagship corporate safety initiative, embodies the Company's commitment to maintaining a culture of safety first. Both personal safety and safety of company assets and the environment are integral to the Kavach programme. During the year, employees continued to receive training on laboratory hazard analysis, firefighting and first-aid. As a result of employee education and organisation-wide safety awareness, the Company achieved 12 million man hours without Lost Time Incident (LTI) in a 12-month rolling period.

Syngene takes its commitment to the community and local environment seriously. In association with the Biocon Foundation, investments have been made in digitising regional healthcare clinics. The Company has also played an important role in primary and STEM education. The drive to shrink the Company's environmental footprint included reducing water use, managing waste, and curtailing the consumption of non-renewable energy.

## Financial Performance

### Analysis of the Consolidated Statement of Profit and Loss

The following table details key components of the statement of profit and loss for the financial years 2020 and 2019.

Particulars	(Rs. in Mn)		
	FY20	FY19	Change (%)
<b>Total revenue</b>	<b>20,935</b>	<b>19,007</b>	10%
<b>Expenses:</b>			
Cost of chemicals, reagents and consumables consumed	5,194	5,313	(2%)
Employee benefits expense	5,804	4,727	23%
Foreign exchange fluctuation	(144)	19	(858%)
Other expenses	3,086	2,829	9%
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>6,995</b>	<b>6,119</b>	<b>14%</b>
Depreciation and amortisation expense	2,193	1,642	34%
Finance costs	346	323	7%
<b>Profit before tax and exceptional item</b>	<b>4,456</b>	<b>4,154</b>	7%
Exceptional item	713	-	100%
<b>Profit before tax</b>	<b>5,169</b>	<b>4,154</b>	24%
Tax expense	1,048	838	25%
<b>Profit for the year</b>	<b>4,121</b>	<b>3,316</b>	24%
Other comprehensive income	(1,916)	(702)	172%
<b>Total comprehensive income for the year</b>	<b>2,205</b>	<b>2,614</b>	<b>(16%)</b>

#### Revenue

During FY20, the Company saw a 10% growth in revenue from Rs. 19,007 Mn in FY19 to Rs. 20,935 Mn, which includes interest income of Rs. 816 Mn. Excluding the impact of the one-time pass-through billing of Rs. 400 Mn in the previous year, the revenue for FY20 grew at 13% driven by strong performance across all businesses and continued growth momentum in Discovery Services.

During FY20, the Dedicated Centres constituted 31% of sales, Discovery constituted 32%, and the rest came from Development Services and Manufacturing. In FY19, the Dedicated Centres constituted 32% of sales. Discovery constituted 29%, and the rest was from Development Services and Manufacturing.

#### Profitability

The Company's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) in FY20 grew by 14% to Rs. 6,995 Mn compared to Rs. 6,119 Mn in FY19. Profit After Tax (PAT) grew by 24% to Rs. 4,121 Mn, as against Rs. 3,316 Mn in FY19. EBITDA as a percent of revenue improved by 122 basis points to 33.4%.

EBITDA improved in FY20 driven by lower material costs, favourable foreign exchange fluctuation supported by lower growth in other expenses arising out of ongoing efforts to optimise cost partially offset by increase in employee cost.

Despite increase in depreciation and consequential tax cost on the exceptional gain realised during the year, PAT as a percent of revenue improved by 224 basis points to 19.7%. PAT adjusted

for the exceptional gain and consequential taxes improved by 0.1% as a percent of revenue to 17.5%. The Company's diluted earnings per share increased to Rs. 10.35 in FY20 as against Rs. 8.36 in FY19.

### Cost of chemicals, reagents and consumables consumed

The cost of materials consumed in FY20 decreased by 2% to Rs. 5,194 Mn, accounting for 25% of overall expenses. Material costs as a percent of overall revenue decreased by 314 basis points to 25%, driven by the change in revenue mix in favour of Discovery services and the impact of the one-time pass-through of approximately Rs. 400 Mn recorded in the first quarter of the previous year.

### Employee benefits expense

The employee costs for the year increased by 23% to Rs. 5,804 Mn. The increase is attributable to three main factors. The first of them being ongoing employment costs, which has grown around 12%, a further 3% of the increase came from the addition of the R&D facility at Hyderabad, the new research facility in Bangalore and from opening of the Mangalore API manufacturing facility. The third and the final factor was the additions we made to the senior and middle level leadership to create an organization with the skills and experience to take Company through the next phase of growth. The total employees in the company increased from 4,619 as of 31st March 2019 to 4,946 as of 31st March 2020. As a percentage of total revenue, employee costs for the year represent at 28%, higher from the previous year's average of 25%.

### Foreign exchange fluctuation

The Company earned an exchange gain of Rs. 144 Mn during FY20 as against an exchange loss of Rs.19 Mn in the previous year. The gain in FY20 was largely on account of the hedge rates being above the prevailing market rates. In the previous year, the hedge rates were largely in line with the then prevailing market rates.

### Other expenses

The Company's other expenses comprise power and fuel costs, professional fees, selling expenses such as freight outwards,

provision for doubtful debts and other general overheads. The Company recorded Rs. 3,086 Mn of other expenses in FY 20 reflecting an increase of 9%. The increase in other expenses were mainly driven by higher investment in safety, compliance and additional costs incurred in the new research laboratories in Hyderabad and the newly opened research facility and the renovated research laboratory, both in Bangalore, partially offset by the cost optimisation efforts. Other expenses as a percentage of revenue decreased from 14.9% in the previous year to 14.7% in FY20.

### Depreciation and Amortisation

Depreciation and amortisation increased to Rs. 2,193 Mn from Rs. 1,642 Mn in FY19. This reflects the additional depreciation on the new investments in the Hyderabad facility, expansion at our main Bangalore facility and completion of the construction phase of the Mangalore commercial API plant.

### Finance costs

The Finance costs increased by 7% to Rs. 346 Mn in FY20 compared to Rs. 323 Mn in FY19, with the average cost of debt being maintained at 3% p.a. The increase in finance costs is linked with an increase in short term borrowings. Interest coverage is adequate at 14 times during the FY20.

### Tax expenses

Tax expenses for the year stood at Rs. 1,048 Mn in FY 20 in comparison to Rs. 838 Mn in FY 19. The increase in effective tax rate in FY 20 is primarily due to tax cost related to the exceptional gain arising from the insurance receipt in the current year.

### Other comprehensive income

Other comprehensive income includes re-measurement gains/ losses on defined benefit plans and gains/losses on hedging instruments designated as cash flow hedges. The decrease is primarily due to lower gains on hedging instruments in FY20 compared to the previous year.

## Analysis of the Consolidated Balance Sheet

The following table exhibits the Company's balance sheet as on March 31, 2020 and March 31, 2019:

Particulars	(Rs. in Mn)		
	FY20	FY19	Change (%)
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible, Right-of-use and intangible assets	22,538	16,505	37%
Financial assets	783	885	(12%)
Deferred tax assets (net)	1,227	915	34%
Income tax assets (net)	760	629	21%
Other non-current assets	195	460	(58%)
<b>Total non-current assets</b>	<b>25,503</b>	<b>19,394</b>	<b>31%</b>
<b>Current assets</b>			
Inventories	252	434	(42%)
Financial Assets	15,058	16,545	(9%)
Other current assets	816	662	23%
<b>Total current assets</b>	<b>16,126</b>	<b>17,641</b>	<b>(9%)</b>
<b>Total Assets</b>	<b>41,629</b>	<b>37,035</b>	<b>12%</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity Share capital	4,000	2,000	100%
Other Equity	17,758	17,684	0.4%
<b>Total Equity</b>	<b>21,758</b>	<b>19,684</b>	<b>11%</b>
<b>Non-current liabilities</b>			
Financial Liabilities	2,190	3,913	(44%)
Provisions	409	374	9%
Other non-current liabilities	1,880	1,778	6%
<b>Total non-current liabilities</b>	<b>4,479</b>	<b>6,065</b>	<b>(26%)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial Liabilities	10,864	7,679	42%
Provisions	415	210	98%
Income tax liabilities (net)	117	158	(26%)
Other Current Liabilities	3,996	3,239	23%
<b>Total current liabilities</b>	<b>15,392</b>	<b>11,286</b>	<b>36%</b>
<b>Total</b>	<b>41,629</b>	<b>37,035</b>	<b>12%</b>

### Non-current assets

Non-current assets grew by 31% primarily due to:

- investments in tangible assets primarily in Mangalore facility and newly set up research labs at Hyderabad and Bangalore benefiting Discovery services, Dedicated Centres, Development services and Manufacturing business groups.
- Minimum Alternate Tax (MAT) entitlement credits arising on account of tax holiday benefits enjoyed by the Company and other deferred tax items that reverse in subsequent years.

### Working Capital (Current assets, less current liabilities)

Working capital decreased to Rs. 734 Mn in FY20 from Rs. 6,355 Mn in FY19. The movement is on account of:

- decrease in bank deposits with repayment of USD 37.5 Mn External Commercial Borrowing in March 2020;
- USD 50 Mn External Commercial Borrowing (ECB) loan repayment due in March 2021 being classified under other financial liabilities; and
- increase in other current liabilities;

Other current liabilities primarily include advance from customers that are expected to be recognised as revenue within the next twelve months through delivery of remaining obligations.

Debtors collection in FY20 at 76 days marginally higher compared with FY19 at 71 days.

### Equity share capital

The Company's equity share capital comprises 4,000 Mn equity shares of Rs. 10 /- each. During the year, the Company has allotted 2000 Mn equity shares of Rs. 10 /- each fully paid up as bonus shares in the ratio of 1:1 by capitalisation of balances in the general reserve and retained earnings.

### Other equity

Other equity mainly comprises the share premium, retained earnings, cash flow hedging reserves and other reserves. The total reserves and surplus of the Company increased by 0.4% in FY20 as a result of accumulation of profits earned during the year, adjusted for utilisation of reserves to fund bonus issue of equity shares.

The Company's average return on net worth as on March 31, 2020, stood at 21% as compared to 18% as on March 31, 2019.

### Non-current liabilities:

Non-current liabilities mainly include:

- Long-term borrowings in the form of an ECB facility of USD 100 Mn used to fund capital expenditure at the Bangalore and Mangalore premises of the Company. Of the total USD 100 Mn drawn in March 2016, USD 12.5 Mn and USD 37.5 Mn were repaid in March 2019 and March 2020 respectively. The balance due for repayment in March 2021 is classified under Other financial liabilities.
- Deferred revenues relating to assets funded by third parties that are to be amortised over the useful life of the assets/ period of contract to Other operating Income.
- The debt: equity ratio of the Company as on March 31, 2020, improved to 0.32 as compared to 0.41 as on March 31, 2019.

It may be noted that taking account of investments in inter-corporate deposits with financial institutions, deposits with banks, cash and cash equivalents and investments in overnight mutual funds the Company is net cash positive as of 31 March 2020.

### Contingent liabilities:

Contingent liabilities include tax and other proceedings that arise from time to time in the ordinary course of business. Contingent liabilities stood at Rs. 4,245 Mn as at March 31, 2020 in comparison with Rs. 3,357 Mn as at March 31, 2019.

Of the above, proceedings under income tax matters comprise Rs. 4,221 Mn disputing the Company's claim of tax benefits relating to financial year 2002 – 03 to 2015 – 16 pending before various appellate authorities.

Other than the matters disclosed above, the Company is involved in taxation matters that arise from time to time for various years in the ordinary course of business. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on internal assessment supported by external legal counsel views, as necessary, the Company believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters. Management is of the view that above matters will not have any material adverse effect on the Company's financial position and results of operations.

### Risks and Concerns

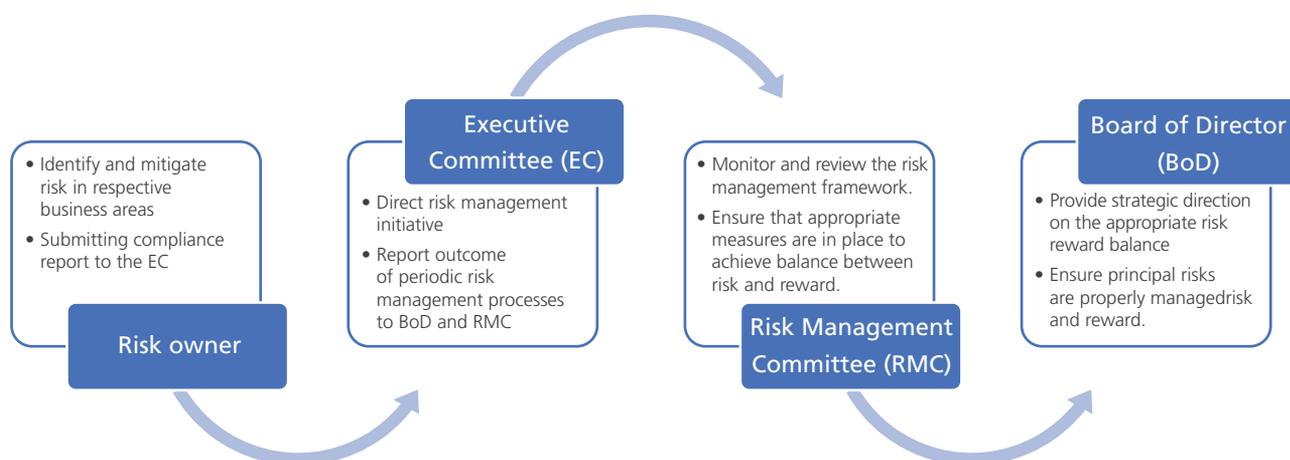
Syngene recognises that risk is integral to the business so the risk management process is focused on ensuring that risks are known and addressed through an effective risk management process and that there is a timely process for identifying and dealing with emerging risks. The Company strives to achieve a balance between risk and reward with the aim of ensuring long-term business sustainability, while operating within an approved risk framework. Any emerging risk is immediately brought to Management's attention and necessary actions are taken.

### Process, roles and responsibilities

Syngene has a risk management framework to identify, monitor, report and manage risk across the business. The risk owners monitor and manage risks relevant to the business. These risks are aggregated and documented in a corporate risk register by the Risk Manager to provide the Board and Management a comprehensive overview of the Company's risk profile.

A detailed analysis of these risks is carried out to identify the potential impact on the business and the probability of occurrence. These risks are then addressed with appropriate control measures to either eliminate or reduce the risk.

The Company's Executive Committee (EC) regularly reviews the risks and the mitigation plans and reviews this annually with the Risk Management Committee. The Risk Management Committee periodically reviews the risk management framework and ensures that the Company is taking the appropriate measures to achieve a prudent balance between risk and reward. The Risk Manager is responsible for supporting business leaders to identify, assess, prioritise and mitigate risks, maintaining the consolidated risk register and ensuring that the reporting process is working effectively.



### Risk management process



### Risk profiling

Risk	Potential impact	Mitigation
<b>Financial Risk</b>		
<b>Foreign exchange risk</b> Majority of the Company's revenues and operating and capital expenses are denominated in US dollars, making it vulnerable to fluctuations in exchange rate.	Adverse movement in exchange rate could cause financial loss and impact the Company's operations, financial position, liquidity and solvency.	The Company has a forex hedging policy which mitigates the risks associated with fluctuation of currency. Continuous monitoring ensures rapid and effective action can be taken if needed.
<b>Credit risk</b> The Company provides scientific services to various clients on credit. Any delinquency in payment by the client has financial implications.	Delays in payments by the client could impact cash flows/ working capital and non-receipt of payment from clients could impact the overall profitability.	The Company has a credit policy designed to mitigate risk associated with providing credit to clients. Typically, the total exposure is based on the risk profile of the client and effective controls are in place to ensure that credit exposure to individual clients are within the terms of the credit policy.
<b>Business development risk</b> The Company's business growth requires the addition of new clients and deepening of engagement with the existing ones.	Inability to add more clients and grow existing client relationships could cause opportunity loss, leading to business stagnation and decline in return on investment from assets.	The Company is increasing its investments in building a strong commercial organisation to target new clients and strengthen the engagement with existing clients.

Risk	Potential impact	Mitigation
<p><b>Capacity risk</b></p> <p>The Company's growing business demand additional capex in order to realign facilities and add new capacity.</p>	<p>Inability to add capacity would reduce the Company's ability to service new and existing clients. This may cause loss of reputation and dampen growth.</p>	<p>The Company has judiciously invested in expanding capacity and setting-up additional laboratories to meet the increasing demand and support growth in line with the strategic plan.</p> <p>The Company also maintains a good credit rating enabling it to have easy access to external capital to meet its funding requirements.</p>
<p><b>Information Technology risk</b></p> <p>Contract research involves working on novel technologies, making data confidentiality and security around data held in digital form critical. This data is prone to cyberattacks and security breaches.</p>	<p>Failure to protect data may adversely affect the value of services provided to the client, damage reputation and business integrity of the Company impacting its business growth and revenues. Breach of confidentiality clauses may also lead to legal and regulatory issues.</p>	<p>The Company has invested in extensive IT security systems and control across all processes. These systems are regularly evaluated and upgraded to address the new emerging threat scenarios. A Disaster Recovery Plan for IT infrastructure is also in place to restore critical data in the event of data loss due to unforeseen circumstances.</p>
<p><b>Health and safety risks</b></p> <p>The nature of the Company's business may cause significant injury to employees or loss of infrastructure in case of non-adherence to health and safety standards.</p>	<p>Inability to prevent injuries or loss can have severe impact on the Company's reputation and lead to revenue losses.</p>	<p>The Company has launched 'Kavach', a corporate safety initiative, with the aim of institutionalising a strong culture of safety among all employees and ensuring it has the right safety systems and processes in place.</p> <p>Several safety measures have been initiated, including, increased investment in fire prevention and firefighting infrastructure.</p>
<p><b>Business interruption/ service disruption risk</b></p> <p>The Company's operations are prone to risks from natural calamities and human errors.</p>	<p>Natural calamities and human errors can cause heavy losses to the Company in term of loss due to damage to lives and properties and revenue loss due to becoming non-operational.</p>	<p>The Company has a Business Continuity Plan in place, which can be invoked to ensure that critical services are resumed within a reasonable timeline during a business disruption.</p> <p>The Company also has an all risk industrial insurance policy to cover replacements of assets and business interruption.</p>
<p><b>Political risk</b></p> <p>The Company's operations are vulnerable to change in policies due to protectionist measures, and changes in government regulations and outsourcing policies which may impact client's outsourcing plans.</p>	<p>Change in policies can lead to loss of business, impacting growth and expansion.</p>	<p>The Company, having majority of its clients based in the US, is actively exploring business opportunities in other countries to reduce reliance on a particular region.</p>
<p><b>Client funding risk</b></p> <p>The Company's business activities require funding by the clients which depends on their ability to invest and willingness to outsource. A slowdown due to perceived lack of outcome can deter such outlays.</p>	<p>Lower funding by the clients impacts demand and Company growth prospects.</p>	<p>The Company is focused on strengthening its competitive positioning in the industry by continuing to invest in technologies and people. With a focus on providing services at a competitive price and a strong focus on productivity, quality and on time delivery, the Company is well positioned to attract more customers and funding.</p>

Risk	Potential impact	Mitigation
<p><b>Client concentration, consolidation risk</b></p> <p>The top 10 clients contribute a significant proportion to the total revenue.</p>	<p>Business loss from one of the top 10 clients can significantly reduce revenues and impact the Company's operations, financial stability and future growth prospects.</p> <p>Inability to retain clients or get more business from them may cause loss of business.</p>	<p>The Company has long- term contracts with some of its top clients thereby ensuring business continuity over a longer term.</p> <p>The Company has also ramped up its business development activities with focus on diversifying the client base and optimising business portfolio.</p> <p>There is also a focus on providing multiple services to existing clients thereby enabling the Company to deepen its engagement with clients.</p>
<p><b>Regulatory risk</b></p> <p>The Company's clientele includes companies engaged in highly regulated industries, making compliance issues of utmost importance.</p>	<p>Inability of the Company to follow regulatory requirements may lead to termination of contracts, disqualification of data and loss of clients. Besides causing loss of reputation it may lead to financial loss from criminal penalties and litigation by affected parties.</p>	<p>The Company has a credible track record of adhering to regulatory norms. It has successfully completed regulatory and compliance audits and maintains a continued commitment to achieve the highest standards of quality and compliance.</p> <p>In recent years, the Company has ramped up its investment in quality and compliance and introduced digitisation through e-solutions.</p>
<p><b>Compliance risk</b></p> <p>Failure of the Company to meet stakeholders' expectations in terms of complying with environmental and regulatory standards and quality policies, or engaging in malpractices can impact its goodwill.</p>	<p>Loss of reputation erodes client confidence which in turn has adverse impact on revenues and market capitalisation as stakeholders react negatively to the Company's actions.</p>	<p>Ethics and integrity form an integral element of the Company's Code of Conduct.</p> <p>The code guides the actions of employees to be consistent with Company values. All employees are directed to maintain the highest standards of integrity in business dealings and operations. Online training on the code of conduct is mandatory to increase employee awareness.</p> <p>The internal control framework and continuous improvement also helps to prevent risks associated with malpractices.</p> <p>The Company follows a zero-tolerance policy for any act of misconduct.</p>
<p><b>Manpower risk</b></p> <p>The company requires high calibre scientific talent, capable of performing cutting-edge research to deliver innovative and effective solutions to the clients. These skills sets are in short supply.</p>	<p>Inability to attract and retain high calibre individuals in key roles, can lead to the decline in quality of services and time overruns, causing loss of reputation and hindering operational expansion and future growth plans.</p>	<p>The Company proactively invests in talent development to grow employee skills. Strong emphasis is laid on performance management.</p> <p>Short and long - term incentives have been restructured to attract, retain and reward key employees.</p> <p>The Company is also focused on building its reputation as an attractive employer.</p>

## Management Outlook

The reasons for outsourcing of R&D remain compelling across many of the sectors in which the company operates, particularly in life sciences. Furthermore, India continues building on its reputation for delivering strong science and scientists for the pharmaceutical industry. Government strategies to establish centres of excellence, such as the life sciences ecosystems that are evolving in Bangalore and Hyderabad, demonstrate the support that it is willing to provide to assure the prosperity of key sectors.

The outsourcing model works best when the companies invest in a long-term partnership in which a deep understanding of each other's strengths and objectives results in an outcome that is greater than the sum of the parts. Syngene's growing scientific talent pool, cutting edge capabilities and robust infrastructure underpin its value proposition as a strategic partner which can accelerate innovation, while reducing costs.

The Company will continue to make judicious investments in technology and infrastructure to support the growth of its four divisions. Working closely with clients to ensure that investments add value to their projects from the outset, while providing the foundation for attracting new business.

Driving integration along the pipeline of discovery and development services is another powerful lever to extend the value that the Company can offer by building on existing customer relationships in order to gain a larger share of their R&D activities. This approach is already delivering benefits in Discovery Services and Development Services is shifting to a similar client-led model during FY21.

The COVID-19 pandemic creates a degree of uncertainty for the months ahead due to the impact on the workforce and revenues in the short term and the global economy in the longer term. Nonetheless, Syngene's flexible model means that both scientists and technology can adapt to changes in pace and requirements as the situation evolves. Despite evidence of a potential global economic recession, the resilience of the health sector suggests that a return to normal operations will follow once key markets in the US and Europe stabilise.

## Internal Controls

A robust internal control mechanism is a prerequisite to ensure that an organisation functions ethically, complies with all legal and regulatory requirements and observes the generally accepted principles of good corporate governance. It is an extension of the overall corporate risk management framework as well as is an integral part of the accounting and financial reporting process.

Syngene's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The control mechanism provides for well documented policies/guidelines, authorisations and approval procedures to ensure the orderly and efficient conduct of its business. This includes adherence to Company's policies, safeguarding of its assets, the prevention and detection of frauds and errors, ensuring the accuracy and completeness of the accounting records and the timely preparation and presentation of reliable financial information. The Company believes that its experienced and qualified employees play a key role in fostering an environment in which controls, assurance, accountability and ethical behaviour are accorded high importance.

The management has engaged an external specialist firm to conduct reviews on a periodic basis. The internal auditors also provide an objective view and reassurance of the internal controls as well as simultaneously auditing transactions. They report directly to the Audit and Risk Committee of the Board, which ensures process independence. The Audit and Risk Committee, comprising of Independent Directors, reviews the adequacy and efficacy of the internal controls, as well as the effectiveness of the risk management process across the Company.

## Cautionary Statement

The Management of Syngene has prepared and is responsible for the financial statements that appear in this report. These statements conform to the accounting principles generally accepted in India and include amounts based on informed judgments and estimates. Syngene's projections, estimates and expectations described in this report should be interpreted as 'forward-looking statements' that can be impacted by various internal and external risks. Risks associated with market, strategy, technology, operations and stakeholders can significantly impact the business and the actual results may differ substantially or materially from those expressed or implied.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Syngene International Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the Standalone Financial Statements of Syngene International Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon. We therefore do not provide a separate opinion on these matters.

### Financial instruments – Hedge accounting

[Refer Note 2(a) and 28 to the Standalone Financial Statements]

#### *The Key Audit Matter*

The Company enters into forward, option and interest rate swap contracts to hedge its foreign exchange and interest rate risks. Foreign exchange risks arise from sales to customers as significant part of its revenues are denominated in foreign currency with most of the costs denominated in Indian Rupees (INR). The interest rate risks arises from the variable rate of interest on its foreign currency borrowings.

The Company designates a significant portion of its derivatives as cash flow hedges of highly probable forecasted transactions. Derivative financial instruments are recognized at their fair value as of the balance sheet date on the basis of valuation report obtained from third party specialists. Basis such valuations, effective portion of derivative movements are recognized within equity.

These matters are of importance to our audit due to complexity in the valuation of derivative contracts and complex accounting and documentation requirements under Ind AS 109: "Financial Instruments". Lockdowns because of COVID-19 had an impact on its operations and thereby impacted Company's estimates relating to occurrence of the highly probable forecasted transactions. A hedging relationship can no longer be continued if the Company concludes forecasted transactions are not likely to occur. Given the uncertainties relating to COVID-19, judgments and estimates relating to hedge accounting were inherently complex.

*How the matter was addressed in our audit*

Our audit procedures in relation to hedge accounting include the following, amongst others:

We involved our internal valuation specialists to assess the fair value of the derivatives by testing sample contracts. We analyzed critical terms (such as nominal amount, maturity and underlying) of the hedging instrument and the hedged item to assess they are closely aligned. We analysed the revised estimate of highly probable forecasted transactions and tested the impact of ineffective hedges. We challenged Company's assertion relating to its ability to meet its forecasts to be able to assert that hedge accounting can be continued by analysing various scenarios to conclude there was no significant impact on the year-end financial statements.

**Taxation**

[Refer Note 2(l) and 30 to the Standalone Financial Statements]

*The Key Audit Matter*

The Company's operations are majorly based out of units registered as Special Economic Zone (SEZ) and Export Oriented Unit (EOU). Accordingly, the Company enjoys certain deductions/benefits with respect to payment of income-tax and other indirect taxes, some of which are subject matters of dispute with tax authorities. The Company periodically assesses its tax positions, which include examination by the external tax consultant and tax counsels appointed by the Company. Judgment is required in assessing the range of possible outcomes for some of these tax matters. The possible outcomes, could change significantly over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Where the amount of tax liabilities is uncertain, the Company recognises accruals/contingent liability which reflect the Company's best estimate of the outcome based on the facts as at the reporting date. Thus, there is a risk of incorrect accounting of accruals and disclosure of contingent liability for tax.

The Company also has significant amount of deferred tax assets primarily comprising of Minimum Alternate Tax ('MAT') entitlement credits. These are on account of tax holiday benefits enjoyed by the Company, which would expire over a period of 15 years as stipulated under present income tax law. Assessment of recoverability of such MAT credits require the Company to prepare forecasts for future profitability and potential tax liabilities, which involves significant judgment and accordingly this is an area of focus for us.

*How the matter was addressed in our audit*

Our audit procedures in relation to taxation include the following, amongst others:

- We obtained an understanding of the key uncertain tax positions based on list of ongoing litigations and tax computations for the current year;
- We analysed select key correspondences with the tax authorities to identify any additional uncertain tax positions;
- We analysed Company's judgment regarding the eventual resolution of matters with various tax authorities. In this regard, we understood how Company has considered past experience, where available, with the tax authorities in the respective jurisdictions;
- We also considered external legal opinions and consultations made by the Company for significant matters;
- We used our own tax specialists' expertise to assess the key assumptions made by Company
- With respect to our assessment of recoverability of MAT, our audit procedures included:
  - Assessing the revenue and profit forecast against the historical performance and assessing the Company's plans with respect to new undertakings being setup having tax holiday benefits; and
  - We assessed the sensitivity of key assumptions. The growth rate and the impact of tax holiday benefit for future years on the Company's ability to utilize MAT credits including sensitivity of any of these assumptions because of impact of COVID-19 that has been considered by the Company.

## Ind AS 116 - Leases

[Refer Note 2(n) and 34 to the Standalone Financial Statements]

### *The Key Audit Matter*

Ind AS 116 introduces a new lease accounting model, where the lessees are required to recognize a Right-Of-Use (ROU) asset and a lease liability arising from a lease on its balance sheet. The Company has adopted Ind AS 116 with effect from 1 April 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 is recognized as an adjustment to the opening balances of the retained earnings as at the date of transition, with no restatement of comparative information.

Lease arrangements in the Company which were previously classified as operating leases under Ind AS 17 'Leases' and held off balance sheet will need to be recognised within assets and liabilities under Ind AS 116.

Significant judgements are required in the assumptions and estimates made in order to determine the ROU asset and lease liability. The assumptions and estimates include application of practical expedients, selection of accounting policy choices, assessment of lease term, determination of applicable incremental borrowing rate, among others.

Additionally, there is a risk the lease data which is underlying the Ind AS 116 computations is incomplete or inaccurate.

As at 31 March 2020, the carrying amount of ROU asset was INR 864 million and lease liability was INR 873 million.

### *How the matter was addressed in our audit*

Our audit procedures on adoption of Ind AS 116 include the following:

We assessed the selection of accounting policies and practical expedients applied by the Company. We evaluated the design and implementation of key controls and operating effectiveness of the relevant key controls with respect to the Ind AS 116. Based on our evaluation of the contractual agreements entered into and our understanding of the business, assessed the appropriateness of the leases identified by the Company.

On transition to Ind AS 116 with effect from 1 April 2019, we have evaluated the method of transition and related adjustments. We tested the completeness of the lease data by reconciling the Company's existing lease commitments to the lease data underpinning the Ind AS 116 computations. We obtained the Company's quantification of ROU assets and leases liabilities. We assessed the accuracy of the lease data captured by the Company for a sample of leases through inspection of lease contracts. We assessed the accounting policy and disclosures provided under the new lease standard. We also assessed the completeness and mathematical accuracy of the relevant disclosures, including those related to transition.

## **Information Other than the Standalone Financial Statements and Auditor's Report thereon**

The Company's Management and Board of Directors are responsible for the other information. The other information comprises of Management Reports such as Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report (but does not include the Standalone Financial Statements and our Auditor's Report thereon) which we obtained prior to the date of this Auditor's Report, and the remaining sections of Annual Report, which are expected to be made available to us after that date.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this Auditor's Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of Annual Report (other than those mentioned above), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

### **Management's and Board of Directors' Responsibility for the Standalone Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

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

In preparing the Standalone Financial Statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Standalone Financial Statements made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its Standalone Financial Statements - Refer Note 31 to the Standalone Financial Statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 28 to the Standalone Financial Statements.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

*Chartered Accountants*

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

**Sampad Guha Thakurta**

*Partner*

Membership Number: 060573

UDIN: 20060573AAAABG1141

Bengaluru

12 May 2020

## Annexure A to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Standalone Financial Statements for the year ended 31 March 2020, we report the following:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets 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 fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deeds for immovable properties are held in the name of the Company.
- ii. Inventories apart from goods in transit have been physically verified by the Management at reasonable intervals during the year and the discrepancies noticed on such verification between the physical stock and book records were not material.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2016 ("the Order") are not applicable to the Company and hence not commented upon.
- iv. According to the information and explanations given to us, there are no loans, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Act are applicable. However, the Company has complied with the provisions of Section 186 of the Act, with respect to investments made.
- v. According to information and explanations given to us, the Company has not accepted any deposits. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended, prescribed by the Central Government under Section 148 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Employees' State Insurance, Income-tax, Goods and Services tax, duty of customs and other material statutory dues have been regularly deposited during the year with the appropriate authorities. However, regarding the deposit of provident fund dues, there have been delays due to timely availability of Universal Account Number/ Aadhar Number in respect of certain employees. As explained to us, the Company did not have any dues on account of Sales tax, duty of excise and cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Employees' State Insurance, Provident fund, Income-tax, Goods and Services tax, duty of customs and other material statutory dues were in arrears as at 31 March 2020, 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, goods and services tax which have not been deposited with the appropriate authorities on account of any disputes, other than mentioned below:

Name of the statute	Nature of dues	Amount disputed (INR in million)	Amount paid under protest (INR in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	660	-	2002-03 to 2007-08	High Court of Karnataka
Income Tax Act, 1961	Income Tax	292	273	2009-10 to 2010-11	Income Tax Appellant Tribunal (ITAT)
Income Tax Act, 1961	Income Tax	3,269	394	2008-09, 2011-12 to 2016-17	Commissioner of Income Tax (Appeals)

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any borrowings during the year by way of debentures, loans from financial institutions or loan from the Government.
- ix. According to the information and explanations given to us and based on our examination of the records of the Company, no monies were raised, during the year, by the Company by way of initial public issue or further public offer (including debt instruments) and term loans.
- x. According to the information and explanations given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

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

Chartered Accountants

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

**Sampad Guha Thakurta**

Partner

Membership Number: 060573

UDIN: 20060573AAAABG1141

Bengaluru

12 May 2020

## **Annexure B to the Independent Auditor's Report on the Standalone Financial Statements of Syngene International Limited for the year ended 31 March 2020**

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

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

### **Opinion**

We have audited the internal financial controls with reference to Financial Statements of Syngene International Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls with reference to Standalone Financial Statements

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

### Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

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

*Chartered Accountants*

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

**Sampad Guha Thakurta**

*Partner*

Membership Number: 060573

UDIN: 20060573AAAABG1141

Bengaluru

12 May 2020

# Standalone Balance Sheet

as at 31 March 2020

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

	Note	31 March 2020	31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3 (a)	18,766	13,227
Capital work-in-progress	3 (a)	2,341	2,737
Right-of-use assets	3 (b)	864	-
Investment property	3 (c)	360	400
Intangible assets	4	207	141
Financial assets			
(i) Investments	5(a)	383	3
(ii) Derivative assets		257	677
(iii) Other financial assets	6(a)	146	208
Deferred tax assets (net)	7	1,227	915
Income tax assets (net)		760	629
Other non-current assets	8(a)	195	460
<b>Total non-current assets</b>		<b>25,506</b>	<b>19,397</b>
<b>Current assets</b>			
Inventories	9	252	434
Financial assets			
(i) Investments	5(b)	7,384	7,160
(ii) Trade receivables	10	3,982	3,387
(iii) Cash and cash equivalents	11(a)	1,918	1,637
(iv) Bank balances other than (iii) above	11(b)	885	2,717
(v) Derivative assets		191	699
(vi) Other financial assets	6(b)	686	930
Other current assets	8(b)	816	662
<b>Total current assets</b>		<b>16,114</b>	<b>17,626</b>
<b>Total assets</b>		<b>41,620</b>	<b>37,023</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	12 (a)	4,000	2,000
Other equity	12 (b)	17,741	17,672
<b>Total Equity</b>		<b>21,741</b>	<b>19,672</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	13(a)	-	3,466
(ii) Lease liabilities		812	151
(iii) Derivative liabilities		1,378	296
Provisions	14(a)	409	374
Other non-current liabilities	15(a)	1,880	1,778
<b>Total non-current liabilities</b>		<b>4,479</b>	<b>6,065</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	13(b)	3,089	1,907
(ii) Lease liabilities		61	9
(iii) Trade payables	16		
Total outstanding dues of micro and small enterprises		207	142
Total outstanding dues of creditors other than micro and small enterprises		2,021	2,093
(iv) Derivative liabilities		546	97
(v) Other financial liabilities	17	4,948	3,431
Provisions	14(b)	415	210
Income tax liabilities (net)		117	158
Other current liabilities	15(b)	3,996	3,239
<b>Total current liabilities</b>		<b>15,400</b>	<b>11,286</b>
<b>Total equity and liabilities</b>		<b>41,620</b>	<b>37,023</b>

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

As per our report of even date attached  
for **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No: 101248WW-100022

**Sampad Guha Thakurta**  
Partner  
Membership number: 060573

Bengaluru  
12 May 2020

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

**Kiran Mazumdar Shaw**  
Chairperson  
DIN: 00347229

**Sibaji Biswas**  
Chief Financial Officer

Bengaluru  
12 May 2020

**Jonathan Hunt**  
Managing Director and Chief Executive Officer  
DIN: 07774619

**Priyadarshini Mahapatra**  
Company Secretary  
ACS Number: F8786

# Standalone Statement of Profit and Loss

for the year ended 31 March 2020

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

	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>Income</b>			
Revenue from operations	18	20,119	18,256
Other Income	19	816	751
<b>Total income</b>		<b>20,935</b>	<b>19,007</b>
<b>Expenses</b>			
Cost of chemicals, reagents and consumables consumed	20	5,186	5,053
Changes in inventories of finished goods and work-in-progress	21	8	260
Employee benefits expense	22	5,722	4,654
Finance costs	23	346	323
Depreciation and amortisation expense	24	2,193	1,642
Other expenses	25	3,180	2,914
Foreign exchange fluctuation (gain)/loss, net		(144)	19
<b>Total expenses</b>		<b>16,491</b>	<b>14,865</b>
<b>Profit before tax and exceptional item</b>		<b>4,444</b>	<b>4,142</b>
Exceptional item	35	713	-
<b>Profit before tax</b>		<b>5,157</b>	<b>4,142</b>
<b>Tax expense</b>			
Current tax	30	893	864
Deferred tax			
MAT credit entitlement		(381)	(44)
Other deferred tax		530	15
<b>Total tax expense</b>		<b>1,042</b>	<b>835</b>
<b>Profit for the year</b>		<b>4,115</b>	<b>3,307</b>
<b>Other comprehensive income</b>			
<b>(i) Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurement on defined benefit plans		23	(45)
Income tax effect		(5)	11
<b>(ii) Items that will be reclassified subsequently to profit or loss</b>			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(2,388)	(819)
Income tax effect		454	151
<b>Other comprehensive income for the year, net of taxes</b>		<b>(1,916)</b>	<b>(702)</b>
<b>Total comprehensive income for the year</b>		<b>2,199</b>	<b>2,605</b>
<b>Earnings per equity share</b>			
Basic (in Rs)	38	10.36	8.36
Diluted (in Rs)		10.33	8.34

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

As per our report of even date attached  
for **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No: 101248W/W-100022

**Sampad Guha Thakurta**  
Partner  
Membership number: 060573  
Bengaluru  
12 May 2020

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

**Kiran Mazumdar Shaw**  
Chairperson  
DIN: 00347229

**Sibaji Biswas**  
Chief Financial Officer

Bengaluru  
12 May 2020

**Jonathan Hunt**  
Managing Director and Chief Executive Officer  
DIN: 07774619

**Priyadarshini Mahapatra**  
Company Secretary  
ACS Number: F8786

# Standalone Statement of Cash Flows

for the year ended 31 March 2020

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

	31 March 2020	31 March 2019
<b>I. Cash flows from operating activities</b>		
Profit for the year	4,115	3,307
<u>Adjustments to reconcile profit to net cash flows</u>		
Depreciation and amortisation expense	2,193	1,642
Loss on assets scrapped	14	-
Exceptional item	(713)	-
Provision for doubtful receivables	10	(11)
Bad debts written off	1	10
Share based compensation expense	181	88
Interest expense	346	299
Unrealised foreign exchange loss	45	13
Net gain on sale of current investments	(28)	(44)
Proceeds from insurance company	970	-
Interest income	(787)	(707)
Tax expenses	1,042	835
<b>Operating profit before working capital changes</b>	<b>7,389</b>	<b>5,432</b>
<b>Movements in working capital</b>		
Decrease/ (increase) in inventories	182	426
Decrease/ (increase) in trade receivables	(362)	(704)
Decrease/ (increase) in other assets	(1,735)	(126)
Increase/ (decrease) in trade payables, other liabilities and provisions	2,364	2,227
<b>Cash generated from operations</b>	<b>7,838</b>	<b>7,255</b>
Income taxes paid (net of refunds)	(1,064)	(957)
<b>Net cash flow generated from operating activities</b>	<b>6,774</b>	<b>6,298</b>
<b>II. Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,300)	(5,815)
Purchase of intangible assets	(131)	(18)
Purchase of investment property	-	(76)
Investment in unsecured compulsorily convertible debentures	(100)	-
Investment in bank deposits and inter corporate deposits	(12,892)	(12,987)
Redemption/ maturity of bank deposits and inter corporate deposits	13,831	10,817
Interest received	891	553
Proceeds from sale of current investments	9,123	8,876
Purchase of current investments	(8,706)	(7,815)
<b>Net cash flow used in investing activities</b>	<b>(4,284)</b>	<b>(6,465)</b>

	31 March 2020	31 March 2019
<b>III. Cash flows from financing activities</b>		
Proceeds from exercise of share options	7	19
Repayment of long term borrowings	(2,677)	(1,291)
Proceeds/ (repayments) from short term borrowings, net	1,057	1,088
Dividend paid on equity shares including tax thereon	(241)	(241)
Payment of bonus share issue expenses	(12)	-
Repayment of lease liabilities (principal), net	(43)	-
Interest paid	(346)	(299)
<b>Net cash flow used in financing activities</b>	<b>(2,255)</b>	<b>(724)</b>
<b>IV. Net increase/(decrease) in cash and cash equivalents (I+II+III)</b>	<b>235</b>	<b>(891)</b>
<b>V. Effect of exchange difference on cash and cash equivalents held in foreign currency</b>	46	10
<b>VI. Cash and cash equivalents at the beginning of the year</b>	1,637	2,518
<b>VI. Cash and cash equivalents at the end of the year (IV+V+VI)</b>	<b>1,918</b>	<b>1,637</b>
<b>Components of cash and cash equivalents as at the end of the year</b>		
Cash on hand	- *	-
Balances with banks	1,912	1,637
Deposits with maturity of less than 3 months	6	-
<b>Total cash and cash equivalents [refer note 11(a)]</b>	<b>1,918</b>	<b>1,637</b>

Restricted cash balance [refer note 11 (ii)] 8 - \*

\* Less than Rs. 0.5 million.

**Change in liability arising from financing activities**

	1 April 2019	Cash Flow	Foreign exchange loss	31 March 2020
Borrowings (including current maturities)	7,973	(1,620)	503	6,856
	<b>7,973</b>	<b>(1,620)</b>	<b>503</b>	<b>6,856</b>

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

As per our report of even date attached for **B S R & Co. LLP** for and on behalf of the **Board of Directors of Syngene International Limited**

Chartered Accountants  
Firm Registration No: 101248W/W-100022

**Kiran Mazumdar Shaw**  
Chairperson  
DIN: 00347229

**Jonathan Hunt**  
Managing Director and Chief Executive Officer  
DIN: 07774619

**Sampad Guha Thakurta**  
Partner  
Membership number: 060573

**Sibaji Biswas**  
Chief Financial Officer

**Priyadarshini Mahapatra**  
Company Secretary  
ACS Number: F8786

Bengaluru  
12 May 2020

Bengaluru  
12 May 2020

# Standalone Statement of Changes in Equity

for the year ended 31 March 2020

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

Particulars	Reserves and surplus				Items of other comprehensive income			Total other equity
	Securities premium	General reserve	Treasury shares	Retained earnings	Special Economic Zone (SEZ) reinvestment reserve	Share based payment	Cash flow hedging reserves	
<b>(A) Equity share capital</b>								
Opening balance		47	(69)	12,840	-	282	988	15,201
Issue of bonus shares [refer note 12(a)(vi)]		-	-	3,307	-	-	-	3,307
<b>Closing balance</b>		<b>47</b>	<b>(69)</b>	<b>3,307</b>	<b>-</b>	<b>-</b>	<b>(668)</b>	<b>(702)</b>
<b>(B) Other equity [refer note 12(b)]</b>								
Balance as at 1 April 2018	1,183	47	(69)	12,840	-	282	988	15,201
Profit for the year	-	-	-	3,307	-	-	-	3,307
Other comprehensive income, net of tax	-	-	-	-	-	-	(668)	(702)
<b>Total comprehensive income for the year</b>								
<b>Transactions recorded directly in equity</b>								
Dividend including dividend distribution tax	-	-	-	(241)	-	-	-	(241)
Exercise of share options	90	-	23	(4)	-	(90)	-	19
Share based payment	-	-	-	-	-	88	-	88
Transfer to SEZ reinvestment reserve	-	-	-	(450)	450	-	-	-
Transfer from SEZ reinvestment reserve	-	-	-	450	(450)	-	-	-
<b>Balance as at 31 March 2019</b>	<b>1,273</b>	<b>47</b>	<b>(46)</b>	<b>15,902</b>	<b>-</b>	<b>280</b>	<b>320</b>	<b>17,672</b>
Profit for the year	-	-	-	4,115	-	-	-	4,115
Other comprehensive income, net of tax	-	-	-	-	-	-	(1,934)	(1,916)
<b>Total comprehensive income for the year</b>								
<b>Transactions recorded directly in equity</b>								
Issue of fully paid up bonus shares	-	(47)	-	(1,953)	-	-	-	(2,000)
Expenses in relation to issue of bonus shares	(12)	-	-	-	-	-	-	(12)
Dividend including dividend distribution tax	-	-	-	(241)	-	-	-	(241)
Exercise of share options	72	-	6	1	-	(72)	-	7
Share based payment	-	-	-	-	-	181	-	181
Impact on account of adoption of Ind AS-116 [refer note 34]	-	-	-	(65)	-	-	-	(65)
Transfer to SEZ reinvestment reserve	-	-	-	(1,500)	1,500	-	-	-
Transfer from SEZ reinvestment reserve	-	-	-	1,500	(1,500)	-	-	-
<b>Balance as at 31 March 2020</b>	<b>1,333</b>	<b>-</b>	<b>(40)</b>	<b>17,759</b>	<b>-</b>	<b>389</b>	<b>(1,614)</b>	<b>(86)</b>

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

As per our report of even date attached for and on behalf of the **Board of Directors of Syngene International Limited**

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

Chartered Accountants

Firm Registration No: 101248/WV-100022

**Kiran Mazumdar Shaw**

Chairperson

DIN: 00347229

**Jonathan Hunt**

Managing Director and Chief Executive Officer

DIN: 07774619

**Sampad Guha Thakurta**

Partner

Membership number: 060573

Bengaluru

12 May 2020

**Priyadarshini Mahapatra**

Company Secretary

ACS Number: F8786

Bengaluru

12 May 2020

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 1. Company Overview

### 1.1 Reporting entity

Syngene International Limited (“Syngene” or “the Company”), is engaged in providing contract research and manufacturing services from lead generation to clinical supplies to pharmaceutical and biotechnology companies worldwide. Syngene’s services include integrated drug discovery and development capabilities in medicinal chemistry, biology, in vivo pharmacology, toxicology, custom synthesis, process R&D, cGMP manufacturing, formulation and analytical development along with Clinical development services. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka, India. The Company’s shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

### 1.2 Basis of preparation of financial statements

#### a) Statement of compliance

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

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company’s annual reporting date, 31 March 2020. These standalone financial statements were authorised for issuance by the Company’s Board of Directors on 12 May 2020.

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

#### b) Functional and presentation currency

These standalone financial statements are presented in Indian rupees (INR), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

#### c) Basis of measurement

These standalone financial statements have been prepared on the historical cost basis, except for the following items:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value; and
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

#### d) Use of estimates and judgements

The preparation of the standalone financial statements in conformity with Ind AS requires Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

## Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- Note 1.2(b) — Assessment of functional currency;
- Note 2(a) and 28 — Financial instruments;
- Note 2(b), 2 (c) and 2(d) — Useful lives of property, plant and equipment, investment property and intangible assets;
- Note 2(j) and 18 — Revenue Recognition: whether revenue from sale of compounds is recognised over time or at a point in time;
- Note 2(l), 30 and 31 — Provision for income taxes and related tax contingencies;
- Note 2(n) and 34 — Leases;
- Note 2(h) and 27 — measurement of defined benefit obligation; key actuarial assumptions; and
- Note 33 — Share based payments;

### 1.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2020 is included in the following notes:

- Note 2(g)(ii) — impairment of non-financial assets;
- Note 2(h) and 27 — measurement of defined benefit obligations: key actuarial assumptions;
- Note 2(g)(i) and 28 — impairment of financial assets; and
- Note 14 and 31 — recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

### 1.4 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 2(a) and 28 – financial instruments;
- Note 2(c) and 3(b) – investment property; and
- Note 33 – share based payment arrangements.

## 2. Significant accounting policies

### a. Financial instruments

#### i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### ii. Classification and subsequent measurement

##### Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) – debt investment;
- Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or
- Fair Value through Profit or Loss (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 or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 28 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

### iii. Derecognition Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

#### iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### v. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

#### Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

#### vi. Treasury shares

The Company has created an Employee Welfare Trust (EWT) for providing share-based payment to its employees. Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. When the treasury shares are issued to the employees by EWT, the amount received is recognised as an increase in equity and the resultant gain / (loss) is transferred to / from securities premium.

## vii. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### Cash dividend to equity holders

The Company recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

## b. Property, plant and equipment

### i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Exchange differences arising on long-term foreign currency monetary items initially recognised in the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

### ii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under 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	25-30 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-14 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	Useful life or lease period whichever is lower	

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions/(disposals) is provided on a pro-rata basis i.e. from/(upto) the date on which asset is ready for use/(disposed of).

**iii. Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

**c. Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Based on technical evaluation and consequent advice, the management believes a period of 3 to 25 years as representing the best estimate of the period over which investment property (which are quite similar) are expected to be used. Accordingly, the Company depreciates investment property over a period of 3 to 25 years on a straight-line basis. The estimated useful life of assets in investment property are different from the indicative useful lives of relevant type of asset mentioned in Part C of Schedule II to the act as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-11 years	8-20 years
Computers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years

Any gain or loss on disposal of an investment property is recognised in statement of profit and loss.

**d. Intangible assets**

**Internally generated: Research and Development:**

Expenditure on research activities is recognised in statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

**Others**

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

**i. Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

## ii. Amortisation

Intangible assets are amortised on a straight line basis over the estimated useful life as follows:

- Computer software 5 years
- Intellectual property rights 5-10 years

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

## e. Business combination

In accordance with Ind AS 103, Business combinations, the Company accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Company. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

## f. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Chemicals, reagents and consumables held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

## g. Impairment

### i. Impairment of financial assets

In accordance with Ind AS 109 'Financial Instruments', 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 cash-generating unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss.

The Company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or groups of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **h. Employee benefits**

### **i. Gratuity**

The Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

### **ii. Provident Fund**

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a Government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

### **iii. Compensated absences**

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

#### **iv. Share-based compensation**

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

#### **i. Provisions (other than for employee benefits)**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

#### **Onerous contracts**

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

#### **j. Revenue from contracts with customers**

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

The Company derives revenues primarily from Contract research and manufacturing services. Revenue is recognised upon transfer of control of promised services or compounds to customers in an amount that reflects the consideration we expect to receive in exchange for those services or compounds.

Arrangement with customers for Contract research and manufacturing services income are either on a time-and-material basis, fixed price or on a sale of compounds.

In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts. Revenue from contracts are recorded net of allowances for estimated rebates and cash discounts, as per contractual terms.

Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Company monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

In respect of contracts involving sale of compounds arising out of contract research, revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised goods refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment to the customer/ customer's acceptance. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as goods and services tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

The consideration received by the Company in exchange for its goods may be fixed or variable. Variable consideration is only recognised when it is considered highly probable that a significant revenue reversal will not occur once the underlying uncertainty related to variable consideration is subsequently resolved.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The Company collects Goods and Services Tax (GST) as applicable, on behalf of the Government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

## ii. Rental income

Rental income from investment property is recognised in statement of profit and loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

## iii. Contribution received from customers towards property, plant and equipment

Contributions received from customers towards items of property, plant and equipment which require an obligation to supply services to the customer in the future, are recognised as a credit to deferred revenue. The contribution received is recognised as revenue from operations over the useful life of the assets. The Company capitalises the gross cost of these assets as the Company controls these assets.

## iv. Dividends

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

## v. Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

## k. Government grants

The Company recognises Government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortised over the useful life of such asset. Grants related to income are recognised in statement of profit and loss as other operating revenues.

## l. Income taxes

Income tax comprises of current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements except when:

- taxable temporary differences arising on the initial recognition of goodwill;
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **m. Borrowing cost**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### **n. Leases**

##### **i. The company as lessee:**

The company assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the company assesses whether:

- The contract involves use of an identified asset;
- The company has substantially all the economic benefits from the use of the asset through the period of lease; and
- The company has the right to direct the use of an asset.

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

Certain lease agreements include an option to extend or terminate the lease before the end of lease term. ROU assets and the lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., higher of fair value less cost to sell and the value-in-use) is determined on individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use assets if the company changes its assessment of whether it will exercise an extension or a termination of option.

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

## ii. The Company as a Lessor:

Leases for which the company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating lease.

### Transition

Effective 1 April 2019, the company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 01 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use assets at its carrying amount as if standard had been applied since the commencement date of the lease, but discounted at the company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2020 have not been retrospectively adjusted.

## o. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

## p. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

### 3 (a) Property, plant and equipment and Capital work-in-progress

	Land [refer note (a)]	Buildings [refer note (c)]	Plant and equipment [refer note (b)]	Office equipments	Furniture and fixtures	Vehicles	Leasehold Improvements	Total	Capital work-in- progress
<b>Gross carrying amount</b>									
At 1 April 2018	597	2,892	12,227	100	295	33	172	16,316	1,554
Additions	106	455	4,332	22	97	-	-	5,012	6,195
Transfer to investment property [refer note (f)]	-	(34)	(384)	(1)	(3)	-	-	(422)	-
Disposals / other adjustments	-	-	-	-	-	(3)	-	(3)	(5,012)
<b>At 31 March 2019</b>	<b>703</b>	<b>3,313</b>	<b>16,175</b>	<b>121</b>	<b>389</b>	<b>30</b>	<b>172</b>	<b>20,903</b>	<b>2,737</b>
Additions	-	2,234	5,314	40	112	3	-	7,703	7,307
Reclassification to right-of-use assets on account of adoption of Ind AS 116 [refer note 2(n) and 34]	-	-	-	-	-	-	(172)	(172)	-
Disposals / other adjustments	-	-	(168)	-	-	(3)	-	(171)	(7,703)
<b>At 31 March 2020</b>	<b>703</b>	<b>5,547</b>	<b>21,321</b>	<b>161</b>	<b>501</b>	<b>30</b>	<b>-</b>	<b>28,263</b>	<b>2,341</b>
<b>Accumulated depreciation</b>									
At 1 April 2018	-	559	5,412	57	147	10	10	6,195	-
Depreciation for the year	-	127	1,322	24	44	9	17	1,543	-
Transfer to investment property	-	-	(59)	-	-	-	-	(59)	-
Disposals	-	-	-	-	-	(3)	-	(3)	-
<b>At 31 March 2019</b>	<b>-</b>	<b>686</b>	<b>6,675</b>	<b>81</b>	<b>191</b>	<b>16</b>	<b>27</b>	<b>7,676</b>	<b>-</b>
Depreciation for the year	-	147	1,768	29	56	8	-	2,008	-
Transfer to right-of-use asset on account of adoption of Ind AS 116 [refer note 2(n) and 34]	-	-	-	-	-	-	(27)	(27)	-
Disposals	-	-	(158)	-	-	(2)	-	(160)	-
<b>At 31 March 2020</b>	<b>-</b>	<b>833</b>	<b>8,285</b>	<b>110</b>	<b>247</b>	<b>22</b>	<b>-</b>	<b>9,497</b>	<b>-</b>
<b>Net carrying amount</b>									
At 31 March 2019	703	2,627	9,500	40	198	14	145	13,227	2,737
At 31 March 2020	703	4,714	13,036	51	254	8	-	18,766	2,341

#### Notes:

- Land includes land held on lease under perpetual basis: Gross carrying amount - Rs. 661 (31 March 2019 - Rs. 661).
- Plant and equipment includes computers.
- Buildings with a gross carrying amount of Rs. 3,593 as at 31 March 2020 (as at 31 March 2019 - Rs. 3,154) have been constructed on leasehold land obtained by the Company on lease basis from Biocon Limited, the holding Company.
- Foreign exchange loss of Rs. 667 [31 March 2019 - Rs. 289] on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset pursuant to option available on long-term foreign currency monetary items which were obtained before the beginning of the first Ind AS financial reporting period as per the previous GAAP (refer note 2(b)(i)).
- Additions to property, plant and equipment includes additions related to borrowing costs capitalised during the year amounting to Rs. Nil (31 March 2019 - Rs. 20).
- During the year ended 31 March 2019, a portion of facility was reclassified as investment property [refer note 3 (c)], as the company leased out the facility to a related party.
- During the year ended 31 March 2020, leasehold improvements was reclassified as right-of-use assets [refer note 3(b)] on account of adoption of Ind AS 116.

### 3 (b) Right-of-use assets

	Land	Buildings	Vehicles	Total
<b>Gross carrying amount</b>				
At 1 April 2019	-	-	-	-
Reclassified from property, plant and equipment on account of adoption of Ind AS 116 [refer note 2(n) and 34]	-	172	-	172
Additions	65	696	39	800
<b>At 31 March 2020</b>	<b>65</b>	<b>868</b>	<b>39</b>	<b>972</b>
<b>Accumulated depreciation</b>				
At 1 April 2019	-	-	-	-
Reclassified from property, plant and equipment on account of adoption of Ind AS 116 [refer note 2(n)]	-	27	-	27
Amortisation for the year	20	58	3	81
<b>At 31 March 2020</b>	<b>20</b>	<b>85</b>	<b>3</b>	<b>108</b>
<b>Net carrying amount</b>				
<b>At 31 March 2020</b>	<b>45</b>	<b>783</b>	<b>36</b>	<b>864</b>

### 3 (c) Investment property

	Buildings [refer note (b)]	Furniture and fixtures	Office equipments	Plant and equipment	Total
<b>Gross carrying amount</b>					
At 1 April 2018	-	-	-	-	-
Transfer from property, plant and equipment	34	3	1	384	422
Additions	-	-	-	76	76
<b>At 31 March 2019</b>	<b>34</b>	<b>3</b>	<b>1</b>	<b>460</b>	<b>498</b>
Additions	-	-	-	-	-
<b>At 31 March 2020</b>	<b>34</b>	<b>3</b>	<b>1</b>	<b>460</b>	<b>498</b>
<b>Accumulated depreciation</b>					
At 1 April 2018	-	-	-	-	-
Transfer from property, plant and equipment	1	-	-	58	59
Depreciation for the year	1	1	-	37	39
<b>At 31 March 2019</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>95</b>	<b>98</b>
Depreciation for the year	1	1	-	38	40
<b>At 31 March 2020</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>133</b>	<b>138</b>
<b>Net carrying amount</b>					
<b>At 31 March 2019</b>	<b>32</b>	<b>2</b>	<b>1</b>	<b>365</b>	<b>400</b>
<b>At 31 March 2020</b>	<b>11</b>	<b>1</b>	<b>1</b>	<b>327</b>	<b>160</b>

#### Notes:

- During the year, the Company has recognised rental income of Rs. 225 (31 March 2019 - Rs. 221) in the statement of profit and loss for investment property. The fair value of investment property as at 31 March 2020 is Rs. 360 (31 March 2019 - Rs. 400).
- Investment property with a cost of Rs. 34 (31 March 2019 - Rs. 34) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.

#### 4. Intangible assets

	Computer software	Intellectual property right	Total
<b>Gross carrying amount</b>			
At 1 April 2018	171	120	291
Additions	18	-	18
Disposals	-	-	-
<b>At 31 March 2019</b>	<b>189</b>	<b>120</b>	<b>309</b>
Additions	130	-	130
Disposals	-	-	-
<b>At 31 March 2020</b>	<b>319</b>	<b>120</b>	<b>439</b>
<b>Accumulated amortisation</b>			
At 1 April 2018	70	38	108
Amortisation for the year	36	24	60
Disposals	-	-	-
<b>At 31 March 2019</b>	<b>106</b>	<b>62</b>	<b>168</b>
Amortisation for the year	40	24	64
Disposals	-	-	-
<b>At 31 March 2020</b>	<b>146</b>	<b>86</b>	<b>232</b>
<b>Net carrying amount</b>			
<b>At 31 March 2019</b>	<b>83</b>	<b>58</b>	<b>141</b>
<b>At 31 March 2020</b>	<b>173</b>	<b>34</b>	<b>207</b>

#### 5. Investments

	31 March 2020	31 March 2019
<b>(a) Non-current investments</b>		
<b>Unquoted equity instruments of wholly owned subsidiary at cost:</b>		
500 (31 March 2019: 500) Equity shares of USD 100 each in Syngene USA Inc.,	3	3
<b>Unquoted - In Others</b>		
Investments carried at fair value through profit or loss	100	-
Immuneel Therapeutics Private Limited - 10,000,000 (31 March 2019: Nil) 0.01% unsecured compulsorily convertible debentures, par value Rs.10 each fully paid up [refer note(i) below]		
Investments carried at amortized cost		
Inter corporate deposits with financial institutions *	280	-
	<b>383</b>	<b>3</b>
<b>Aggregate value of unquoted investments</b>	<b>383</b>	<b>3</b>

#### Notes:

- (i) Terms of conversion: 4,950 unsecured compulsorily convertible debentures of face value Rs. 10/- each will convert to 1 equity share of Rs. 49,500/- (Face value of Rs. 10/- and premium of Rs. 49,490) at end of the tenure of 12 months.

\* Inter corporate deposits with financial institutions yield fixed interest rate.

	31 March 2020	31 March 2019
<b>(b) Current investments</b>		
<b>Investments In mutual funds (quoted) (Non trade)</b>		
Aditya Birla Sun Life Liquid Fund - 156,619 (31 March 2019: 567,252) units of Rs. 319 (31 March 2019: Rs. 300) each	50	170
DSP Liquidity Fund - Nil (31 March 2019: 20,604) units of Rs. Nil (31 March 2019: Rs.2,672) each	-	55
HDFC Liquid Fund - Nil (31 March 2019: 14,975) units of Rs. Nil (31 March 2019: Rs.3,676) each	-	55
ICICI Prudential Liquid Fund - Nil (31 March 2019: 271,979) units of Rs. Nil (31 March 2019: Rs. 276) each	-	75
Invesco India Liquid Fund - Nil (31 March 2019: 21,407) units of Rs. Nil (31 March 2019: Rs. 2,571) each	-	55
SBI Liquid Fund - Nil (31 March 2019: 18,812) units of Rs. Nil (31 March 2019: Rs. 2,927) each	-	55
Tata Liquid Fund - Nil (31 March 2019: 13,602) units of Rs. Nil (31 March 2019: Rs. 2,943) each	-	40
UTI Liquid Fund Cash Plan - Nil (31 March 2019: 17,998) units of Rs. Nil (31 March 2019: Rs. 3,060) each	-	55
Nippon India Overnight Fund - 1,126,048 (31 March 2019: Nil) units of Rs. 107 (31 March 2019: Rs. Nil) each	121	-
	<b>171</b>	<b>560</b>
<b>Unquoted - In Others</b>		
Inter corporate deposits with financial institutions *	7,213	6,600
	<b>7,384</b>	<b>7,160</b>
* Inter corporate deposits with financial institutions yield fixed interest rate.		
Aggregate value of quoted investments	171	560
Aggregate value of unquoted investments	7,213	6,600

## 6. Other financial assets

	31 March 2020	31 March 2019
<b>(a) Non-current</b>		
Security deposits	146	208
	<b>146</b>	<b>208</b>
<b>(b) Current</b>		
Recoverable from insurance company (refer note 35)	-	240
Other receivables (refer note 26)	53	207
Interest accrued but not due	124	228
Unbilled revenues	509	255
	<b>686</b>	<b>930</b>

## 7. Deferred tax assets (net) (refer note 30(b))

	31 March 2020	31 March 2019
<b>Deferred tax asset</b>		
MAT credit entitlement	1,506	1,125
Employee benefit obligations	130	99
Derivatives, net	420	-
Others	27	22
	<b>2,083</b>	<b>1,246</b>
<b>Deferred tax liability</b>		
Derivatives, net	-	34
Property, plant and equipment, investment property and intangible assets, net	856	297
	<b>856</b>	<b>331</b>
<b>Deferred tax assets (net)</b>	<b>1,227</b>	<b>915</b>

## 8. Other assets

	31 March 2020	31 March 2019
<b>(a) Non-current</b>		
Capital advances	117	327
Balances with statutory / government authorities	55	55
Prepayments	23	78
	<b>195</b>	<b>460</b>
<b>(b) Current</b>		
Advances other than capital advances	47	34
Export incentive receivables	432	409
Balances with statutory / government authorities	131	5
Prepayments	206	214
	<b>816</b>	<b>662</b>

## 9. Inventories

	31 March 2020	31 March 2019
Chemicals, reagents and consumables *	202	376
Work-in-progress	33	51
Finished goods	17	7
	<b>252</b>	<b>434</b>

\* includes goods in-transit Rs. 30 (31 March 2019 - Rs. 11)

## 10. Trade Receivables

	31 March 2020	31 March 2019
<b>Unsecured</b>		
Considered good (refer note 26)	3,982	3,387
Considered doubtful	62	53
	<b>4,044</b>	<b>3,440</b>
Allowance for credit losses	(62)	(53)
	<b>3,982</b>	<b>3,387</b>

The above includes :

Due from Narayana Hrudayalaya Limited ('NHL') in which a director of the Company is a member of board of directors.

The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 28.

- 1

## 11. Cash and bank balances

	31 March 2020	31 March 2019
<b>(a) Cash and cash equivalents</b>		
Cash on hand	- *	- *
Balances with banks (on current accounts)	1,912	1,637
Deposits with original maturity of less than 3 months	6	-
	<b>1,918</b>	<b>1,637</b>
<b>(b) Bank balances other than above</b>		
Deposits with maturity of less than 12 months	885	2,717
<b>Total cash and bank balances</b>	<b>2,803</b>	<b>4,354</b>

\* Less than Rs. 0.5 million.

(i) The Company has Balances with banks (on unpaid dividend account) which are not disclosed above since amounts are rounded off to Rupees million.

(ii) Cash and cash equivalents includes restricted cash and bank balances of Rs. 8 (31 March 2019: Rs. Nil). The restrictions are primarily on account of bank balances held under Employee Welfare Trust.

## 12(a). Equity share capital

	31 March 2020	31 March 2019
<b>Authorised</b>		
500,000,000 (31 March 2019: 250,000,000) equity shares of Rs 10 each (31 March 2019: Rs 10 each)	5,000	2,500
<b>Issued, subscribed and fully paid-up</b>		
400,000,000 (31 March 2019: 200,000,000) equity shares of Rs 10 each (31 March 2019: Rs 10 each)	4,000	2,000
	<b>4,000</b>	<b>2,000</b>

### (i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	31 March 2020		31 March 2019	
	No.	Rs.	No.	Rs.
At the beginning of the year	200,000,000	2,000	200,000,000	2,000
Issue of bonus shares during the year [refer note (vi) below]	200,000,000	2,000	-	-
<b>At the end of the year</b>	<b>400,000,000</b>	<b>4,000</b>	<b>200,000,000</b>	<b>2,000</b>

### (ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (iii) Details of shares held by holding company and their subsidiaries

	31 March 2020		31 March 2019	
	No.	% holding	No.	% holding
Equity shares of Rs. 10 each fully paid				
Biocon Limited (holding company)				
[refer note (vi) below]	280,974,772	70.24%	140,487,386	70.24%

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

	31 March 2020		31 March 2019	
	No.	% holding	No.	% holding
Equity shares of Rs 10 each fully paid Biocon Limited [refer note (vi) below]	280,974,772	70.24%	140,487,386	70.24%

**(v) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

	31 March 2020	31 March 2019
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 bonus shares by capitalization of general reserve and surplus in statement of profit and loss [refer note (vi) below]	200,000,000	-
Equity shares allotted as fully paid pursuant to contracts for consideration other than cash @	5,254,576	4,641,999

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

@ Syngene Employee Welfare Trust transferred equity shares to eligible employees upon meeting of the vesting conditions as per Syngene Employee Stock Option 2011. The consideration other than excise price was received in form of employee services. Equity shares allotted for the year ended 31 March 2020 is adjusted for the event of increase as a result of bonus issue.

**(vi) Issue of bonus shares:**

The shareholders approved through postal ballot on 13 July 2019, the issue of fully paid up bonus shares of face value of Rs. 10/- each in the ratio of 1:1 by capitalisation of general reserves and surplus in statement of profit and loss.

**(vii) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 33.

**12(b). Other equity****Securities premium**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

**General reserve**

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. It is utilised in accordance with the provisions of the Companies Act, 2013.

**Retained earnings**

The amount represents surplus in statement of profit and loss not transferred to any reserve and can be distributed by the Company as dividends / issue of bonus shares to its equity shareholders. The amount also includes retained earnings of Syngene Employee Welfare Trust.

**Share based payment reserve**

The Company has established share based payment plan for certain categories of employees of the Company. Also refer Note 33 for further details on these plans.

### Treasury shares

The amount represents cost of own equity instruments that are acquired [treasury shares] by the ESOP trust and is disclosed as a deduction from other equity.

### Cash flow hedging reserves

The cash flow hedging reserve represents the cumulative effective portion of gains or losses (net of tax) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

### Special Economic Zone (SEZ) reinvestment reserve

The SEZ Re-Investment reserve has been created out of profit of eligible SEZ units in terms of the provisions of Section 10AA(1) (ii) of the Income-Tax Act, 1961. The reserve has been utilised for acquiring new plant and machinery for the purpose of its business in terms of section 10AA(2) of the Income-Tax Act, 1961.

## 13. Borrowings

	31 March 2020	31 March 2019
<b>(a) Non-current borrowings</b>		
Term loans from banks		
External commercial borrowings(secured) [refer note (i) below]	3,767	6,066
	<b>3,767</b>	<b>6,066</b>
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(3,767)	(2,600)
	<b>-</b>	<b>3,466</b>
<b>(b) Current borrowings</b>		
Term loans from banks		
Pre shipment credit(unsecured) [refer note (ii) below]	3,089	1,907
	<b>3,089</b>	<b>1,907</b>
<b>The above amount includes</b>		
Secured borrowings	3,767	6,066
Unsecured borrowings	3,089	1,907
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(3,767)	(2,600)
	<b>3,089</b>	<b>5,373</b>

### Notes:

- (i) (a) The Company entered into External Commercial Borrowing agreement dated 30 March 2016 to borrow USD 100 million comprising (a) USD 50 million term loan facility ('Facility A'); and (b) USD 50 million term loan facility ('Facility B'). The facilities are borrowed to incur capital expenditure at Bangalore and Mangalore premises of the Company.
  - (b) 'Facility A' of USD 50 million carries an interest rate of Libor + 1.04% and is repaid in two instalments of USD 12.5 million in March 2019 and USD 37.5 million in March 2020 in line with the agreement ; and 'Facility B' of USD 50 million carries an interest rate of Libor + 1.30% and is repayable in March 2021.
  - (c) The facilities provided are secured by first priority pari passu charge on fixed assets (movable plant and machinery) and second charge on current assets of the Company.
- (ii) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of Rs. 3,089 (USD 41 million) [31 March 2019 : Rs. 1,907 (USD 27.5 million)] that carries interest rate of Libor + 0.35% to + 0.60% [31 March 2019 : Libor + 0.60% to + 1.08%]. The loans are repayable after the end of 3 to 6 months from the date of its origination.
- (iii) Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 28.

## 14. Provisions

	31 March 2020	31 March 2019
<b>(a) Non-current</b>		
Provision for employee benefits		
Gratuity (refer note 27)	409	374
	<b>409</b>	<b>374</b>
<b>(b) Current</b>		
Provision for employee benefits		
Gratuity (refer note 27)	42	33
Compensated absences	373	177
	<b>415</b>	<b>210</b>

## 15. Other liabilities

	31 March 2020	31 March 2019
<b>(a) Non-current</b>		
Deferred rent liability	-	24
Deferred revenues	1,880	1,754
	<b>1,880</b>	<b>1,778</b>
<b>(b) Current</b>		
Advances from customers	3,095	2,676
Deferred revenues	306	209
Others		
- Statutory dues	124	101
- Other dues	471	253
	<b>3,996</b>	<b>3,239</b>

## 16. Trade payables

	31 March 2020	31 March 2019
Trade payables [refer note (a) below and note 26]		
Total outstanding dues of micro and small enterprises	207	142
Total outstanding dues of creditors other than micro and small enterprises	2,021	2,093
	<b>2,228</b>	<b>2,235</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	207	142
- Interest due on above	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	629	243
(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	6	4
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	17	11

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors.

\* Less than Rs. 0.5 million.

(b) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 28.

## 17. Other financial liabilities

	31 March 2020	31 March 2019
<b>Current</b>		
Current maturities of long term borrowings with Banks (refer note 13(a))	3,767	2,600
Payable for capital goods	1,155	734
Book overdraft	26	97
	<b>4,948</b>	<b>3,431</b>

(i) The Company has unpaid dividends which are not disclosed above since amounts are rounded off to Rupees million.

## 18. Revenue from operations

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of services		
Contract research and manufacturing services income	18,797	17,156
Other operating revenues		
Scrap sales	27	28
Export incentives	654	548
Others [refer note (a) below]	641	524
	<b>20,119</b>	<b>18,256</b>

### Note:

(a) Others include income from support services, rentals by the SEZ Developer and release from deferred revenue for assets funded by customers over the useful life

### 18.1 Disaggregated revenue information

Set out below is the disaggregation of revenue:

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Revenues from Contract research and manufacturing services income by geography</b>		
India	714	1,047
United States of America	14,383	12,576
Rest of the world	3,700	3,533
	<b>18,797</b>	<b>17,156</b>
<b>Revenue from other sources</b>		
Other operating revenues	1,322	1,100
	<b>1,322</b>	<b>1,100</b>
<b>Total revenue from operations</b>	<b>20,119</b>	<b>18,256</b>

Geographical revenue is allocated based on the location of the customers.

### 18.2 Contract balances

	Year ended 31 March 2020	Year ended 31 March 2019
Trade receivables [refer note (i) below]	3,982	3,387
Contract assets [refer note (ii) below]	-	-
Contract liabilities [refer note (iii) below]	5,281	4,639

### Notes:

(i) Trade receivables are non-interest bearing.

(ii) The Company does not have contract assets as at 31 March 2020 and 31 March 2019.

(iii) Contract liabilities include advances from customers and deferred revenues.

### 18.3 Changes in Contract liabilities - advances from customers and deferred revenues

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Balance at the beginning of the year</b>	<b>4,639</b>	<b>3,054</b>
Add: Increase due to invoicing during the year	4,247	5,160
Less: Revenue recognised from advances from customers at the beginning of the year	(2,613)	(2,316)
Less: Amounts recognised as revenue during the year	(992)	(1,259)
<b>Balance at the end of the year</b>	<b>5,281</b>	<b>4,639</b>
Expected revenue recognition from remaining performance obligations:		
- Within one year	3,401	2,885
- More than one year	1,880	1,754
	<b>5,281</b>	<b>4,639</b>

### 18.4 Performance obligation:

In relation to information about the Company's performance obligations in contracts with customers refer note 2(j).

### 19. Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income on:		
Deposits with banks and financial institutions	782	703
Lease deposits	5	4
Net gain on sale of current investments	28	44
Other non-operating income	1	-
	<b>816</b>	<b>751</b>

### 20. Cost of chemicals, reagents and consumables consumed

	Year ended 31 March 2020	Year ended 31 March 2019
Inventory at the beginning of the year	376	542
Add : Purchases	5,012	4,887
Less: Inventory at the end of the year	(202)	(376)
	<b>5,186</b>	<b>5,053</b>

### 21. Changes in inventories of finished goods and work-in-progress

	Year ended 31 March 2020	Year ended 31 March 2019
Inventories at the beginning of the year		
Work-in-progress	51	235
Finished goods	7	83
	<b>58</b>	<b>318</b>
Inventories at the end of the year		
Work-in-progress	33	51
Finished goods	17	7
	<b>50</b>	<b>58</b>
	<b>8</b>	<b>260</b>

**22. Employee benefits expense**

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	4,980	4,093
Contribution to provident fund and other funds	218	184
Gratuity expenses (refer note 27)	91	58
Share based compensation expense (refer note 33)	181	93
Staff welfare expenses	252	226
	<b>5,722</b>	<b>4,654</b>

**23. Finance costs**

	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense [refer note (i) below]	346	323
	<b>346</b>	<b>323</b>

Note:

(i) Interest expense includes exchange difference to the extent considered as an adjustment to borrowing cost of Rs. 3 (31 March 2019 : Rs.24).

**24. Depreciation and amortisation expense**

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation of property, plant and equipment [refer note 3 (a)]	2,008	1,543
Amortisation of right-of-use assets [refer note 3 (b)]	81	-
Depreciation of investment property [refer note 3 (c)]	40	39
Amortisation of intangible assets [refer note 4]	64	60
	<b>2,193</b>	<b>1,642</b>

## 25. Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Rent	-	105
Communication expenses	15	23
Travelling and conveyance	339	272
Professional charges	535	428
Payments to auditors [refer note (a) below]	6	5
Directors' fees including commission	23	19
Power and fuel	458	413
Facility charges	111	124
Insurance	158	170
Rates and taxes	94	177
Repairs and maintenance		
Plant and machinery	619	532
Buildings	151	78
Others	267	247
Selling expenses		
Freight outwards and clearing charges	19	3
Sales promotion expenses	90	66
Commission	2	8
Provision for doubtful receivables	10	(1)
Bad debts written off	1	10
Less: Provision no longer required written back	(1)	(10)
Printing and stationery	47	41
Clinical trial expenses	78	96
Contributions towards CSR (refer note 37)	74	63
Miscellaneous expenses	84	45
	<b>3,180</b>	<b>2,914</b>
(a) Payments to auditors:		
As an auditor:		
Statutory audit	3	2
Tax audit	1	1
Limited review	1	1
In other capacity:		
Other services (certification fees) [refer note (i) below]	-	-
Reimbursement of expenses	1	1
	<b>6</b>	<b>5</b>

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

## 26. Related party transactions

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

### List of Related parties

Particulars	Nature of relationship
<b>A. Key management personnel</b>	
Kiran Mazumdar Shaw	Chairperson (w.e.f. 1 April 2020)
Kiran Mazumdar Shaw	Chairperson and Managing Director (till 31 March 2020)
John Shaw	Non-executive director
Jonathan Hunt	Managing Director and Chief Executive Officer (w.e.f. 1 April 2020)
Jonathan Hunt	Director and Chief Executive Officer (till 31 March 2020)
Catherine Rosenberg	Non-executive director
Russell Walls	Independent director (till 24 July 2019)
Bala S. Manian	Independent director
Paul Blackburn	Independent director
Suresh Talwar	Independent director (till 24 July 2019)
Vijay Kuchroo	Independent director
Vinita Bali	Independent director
Sharmila Abhay Karve	Independent director (w.e.f. 1 August 2019)
Carl Decicco	Independent director (w.e.f. 1 October 2019)
M.B. Chinappa	Chief Financial officer (till 17 December 2019)
Sibaji Biswas	Chief Financial officer (w.e.f. 18 December 2019)
Mayank Verma	Company Secretary (till 24 May 2019)
Priyadarshini Mahapatra	Company Secretary (w.e.f. 24 July 2019)
<b>B. Holding company</b>	
Biocon Limited	Holding Company
<b>C. Subsidiary</b>	
Syngene USA Inc.,	Wholly-owned subsidiary
<b>D. Fellow subsidiaries</b>	
Biocon Sdn. Bhd., Malaysia	Fellow subsidiary
Biocon Pharma Limited	Fellow subsidiary
Biocon Research Limited	Fellow subsidiary
Biocon SA, Switzerland	Fellow subsidiary
Biocon Biologics Limited, UK	Fellow subsidiary
Biocon Pharma Inc, USA	Fellow subsidiary
Biocon FZ LLC, UAE	Fellow subsidiary
Biocon Biologics India Limited	Fellow subsidiary
Biocon Healthcare Sdn. Bhd, Malaysia	Fellow subsidiary
Biocon Academy	Fellow subsidiary
Bicara Therapeutics Inc	Fellow subsidiary
Biocon Pharma UK Limited	Fellow subsidiary
Biocon Pharma Ireland Limited	Fellow subsidiary
Biocon Biosphere Limited	Fellow subsidiary
Biocon Biologics Inc	Fellow subsidiary
<b>E. Other related parties</b>	
Biocon Foundation	Trust in which a director is a trustee
Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors
Jeeves	Enterprise in which relative to a director of the Company is proprietor
Immuneel Therapeutics Private Limited	Enterprise in which a director of the Company is a member of board of directors

**The Company has the following related parties transactions**

Particulars	Transactions / Balances	31 March 2020	31 March 2019
<b>Key management personnel</b>	Salary and perquisites [refer note (i) & (ii) below]	115	79
	Sitting fees and commission [refer note (ii) below]	23	19
	Outstanding as at the year end		
	- Trade and other payables	5	7
<b>Holding company</b>	Rent	63	54
	Power and facility charges [refer note (iv) below]	360	566
	Purchase of goods	2	9
	Other expenses reimbursed	79	69
	Purchase of assets	31	282
	Sale of services	80	364
	Final dividend paid	140	141
	Rent and facility services	-	248
	Purchase of property, plant and equipment	-	67
	Outstanding as at the year end		
	- Trade and other payables	217	499
	- Rent deposits	23	23
	- Trade and other receivables	34	404
Guarantee given to Central Excise Department	148	148	
<b>Wholly-owned subsidiary</b>	Business support services received	104	101
	Outstanding as at the year end		
	- Trade payables	33	3
<b>Fellow subsidiaries</b>	Sale of services	392	165
	Rent and facility services	233	-
	Purchase of assets	56	-
	Training services	-	2
	Purchase of goods	- *	-
	Outstanding as at the year end		
	- Trade and other payables	51	- *
- Trade and other receivables	328	146	
<b>Other related parties</b>	Sale of services	1	1
	Health services availed	4	8
	Contribution towards CSR	74	63
	Staff welfare expenses	4	4
	Investment in compulsorily convertible debentures	100	-
	Outstanding as at the year end		
	- Trade and other payables	-	1
- Trade and other receivables	-	1	

\* Less than Rs. 0.5 million.

- (i) The remuneration to the key managerial personnel does not include the provisions made for gratuity and compensated absences, as they are determined on an actuarial basis for the Company as a whole.
- (ii) Share based compensation expense allocable to key management personnel is Rs. 80 (31 March 2019 - Rs. 42), which is not included in the remuneration disclosed above.
- (iii) Pursuant to approval by the Board of Directors of the Company, the Non-executive non-independent directors of the Company have been entitled to receive remuneration by way of commission effective from quarter ended 31 March 2019.
- (iv) Effective from 1 October 2006, the Company has entered into an arrangement for lease of land on lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of Rs. 115 (Year ended 31 March 2019 - Rs. 144) and power charges (including other charges) of Rs. 245 (Year ended 31 March 2019 - Rs. 422) have been charged by Biocon Limited for the year ended 31 March 2020.
- (v) Fellow subsidiary companies with whom the Company did not have any transactions -
  - Biocon SA, Switzerland - subsidiary of Biocon Limited
  - Biocon Pharma Inc, USA - subsidiary of Biocon Limited
  - Biocon FZ LLC, UAE - subsidiary of Biocon Limited
  - Biocon Healthcare Sdn. Bhd, Malaysia - subsidiary of Biocon Limited
  - Biocon Pharma UK Limited - subsidiary of Biocon Limited
  - Biocon Pharma Ireland Limited - subsidiary of Biocon Limited
  - Biocon Biosphere Limited - subsidiary of Biocon Limited
  - Biocon Biologics Inc - subsidiary of Biocon Limited
- (vi) The above disclosures include related parties as per IND-As 24 on "Related Party Disclosures" and Companies Act, 2013.
- (vii) All transactions with these related parties are priced on an arm's length basis and none of the balances are secured.

## 27. Employee benefit plans

- (i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act'). Under the Gratuity Act, employee who has completed five years of service is entitled to specific benefit with no monetary limit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company makes contributions to a recognised fund in India.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
<b>Balance as on 1 April 2019</b>	<b>410</b>	<b>(3)</b>	<b>407</b>
Current service cost	65	-	65
Interest cost	26	-	26
<b>Amount recognised in Statement of profit and loss</b>	<b>91</b>	<b>-</b>	<b>91</b>
<i>Remeasurements:</i>			
Return on plan assets, excluding amounts included in interest expense / (income)	-	- *	- *
<b>Actuarial (gain) / loss arising from:</b>			
Demographic assumptions	(8)	-	(8)
Financial assumptions	(6)	-	(6)
Experience adjustment	(9)	-	(9)
<b>Amount recognised in other comprehensive income</b>	<b>(23)</b>	<b>-</b>	<b>(23)</b>
Benefits paid	(24)	-	(24)
<b>Balance as at 31 March 2020</b>	<b>454</b>	<b>(3)</b>	<b>451</b>

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
<b>Balance as on 1 April 2018</b>	<b>323</b>	<b>(3)</b>	<b>320</b>
Current service cost	34	-	34
Interest cost	24	-	24
<b>Amount recognised in Statement of profit and loss</b>	<b>58</b>	<b>-</b>	<b>58</b>
<i>Remeasurements:</i>			
Return on plan assets, excluding amounts included in interest expense / (income)	-	- *	- *
<b>Actuarial (gain) / loss arising from:</b>			
Demographic assumptions	(4)	-	(4)
Financial assumptions	30	-	30
Experience adjustment	19	-	19
<b>Amount recognised in other comprehensive income</b>	<b>45</b>	<b>-</b>	<b>45</b>
Benefits paid	(16)	-	(16)
<b>Balance as at 31 March 2019</b>	<b>410</b>	<b>(3)</b>	<b>407</b>

\* Less than Rs. 0.5 million.

	31 March 2020	31 March 2019
Non current	409	374
Current	42	33
	<b>451</b>	<b>407</b>

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

	31 March 2020	31 March 2019
Interest rate	6.4%	7.2%
Discount rate	6.4%	7.2%
Expected return on plan assets	6.4%	7.2%
Salary increase	9.0%	10.0%
Attrition rate (based on Age of the Employee)	6% - 16%	5% - 15%
Retirement age - Years	58	58

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 9 years (31 March 2019 - 9 years).

The defined benefit plan exposes the Company to actuarial risks, such as interest rate risk.

(iii) Sensitivity analysis

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

Particulars	31 March 2020		31 March 2019	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate	(30)	34	(29)	33
Salary increase	33	(29)	32	(29)
Attrition rate	(7)	8	(7)	8

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

As of 31 March 2020 and 31 March 2019, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending 31 March 2020, is approximately Rs 42 (31 March 2019 - Rs 34).

Maturity profile of defined benefit obligation

Particulars	31 March 2020	31 March 2019
1st Following year	42	34
2nd Following year	40	33
3rd Following year	40	34
4th Following year	42	35
5th Following year	43	35
Years 6 to 10	182	170
Years 11 and above	400	467

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

### A. Accounting classification and fair values

31 March 2020	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments (non-current)#	100	-	283	383	-	-	100	100
Derivative assets (non-current)	-	257	-	257	-	257	-	257
Other financial assets (non-current)	-	-	146	146	-	-	-	-
Investments (current)	171	-	7,213	7,384	171	-	-	171
Trade receivables	-	-	3,982	3,982	-	-	-	-
Cash and cash equivalents	-	-	1,918	1,918	-	-	-	-
Bank balances other than above	-	-	885	885	-	-	-	-
Derivative assets (current)	-	191	-	191	-	191	-	191
Other financial assets (current)	-	-	686	686	-	-	-	-
	<b>271</b>	<b>448</b>	<b>15,113</b>	<b>15832</b>	<b>171</b>	<b>448</b>	<b>100</b>	<b>719</b>
<b>Financial liabilities</b>								
Lease liabilities (non-current)	-	-	812	812	-	-	-	-
Derivative liabilities (non-current)	-	1,378	-	1,378	-	1,378	-	1,378
Borrowings (current)	-	-	3,089	3,089	-	-	-	-
Lease liabilities (current)	-	-	61	61	-	-	-	-
Trade payables	-	-	2,228	2,228	-	-	-	-
Derivative liabilities (current)	-	546	-	546	-	546	-	546
Other financial liabilities (current)	-	-	4,948	4,948	-	-	-	-
	-	<b>1,924</b>	<b>11,138</b>	<b>13,062</b>	-	<b>1,924</b>	-	<b>1,924</b>

31 March 2019	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments (non-current)#	-	-	3	3	-	-	-	-
Derivative assets (non-current)	-	677	-	677	-	677	-	677
Other financial assets (non-current)	-	-	208	208	-	-	-	-
Investments (current)	560	-	6,600	7,160	560	-	-	560
Trade receivables	-	-	3,387	3,387	-	-	-	-
Cash and cash equivalents	-	-	1,637	1,637	-	-	-	-
Bank balances other than above	-	-	2,717	2,717	-	-	-	-
Derivative assets (current)	-	699	-	699	-	699	-	699
Other financial assets (current)	-	-	930	930	-	-	-	-
	<b>560</b>	<b>1,376</b>	<b>15,482</b>	<b>17,418</b>	<b>560</b>	<b>1,376</b>	-	<b>1,936</b>
<b>Financial liabilities</b>								
Borrowings (non-current)	-	-	3,466	3,466	-	-	-	-
Lease liabilities (non-current)	-	-	151	151	-	-	-	-
Derivative liabilities (non-current)	-	296	-	296	-	296	-	296
Borrowings (current)	-	-	1,907	1,907	-	-	-	-
Lease liabilities (current)	-	-	9	9	-	-	-	-
Trade payables	-	-	2,235	2,235	-	-	-	-
Derivative liabilities (current)	-	97	-	97	-	97	-	97
Other financial liabilities (current)	-	-	3,431	3,431	-	-	-	-
	-	<b>393</b>	<b>11,199</b>	<b>11,592</b>	-	<b>393</b>	-	<b>393</b>

# Includes equity instruments of wholly owned subsidiary at cost aggregating to Rs. 3 million. The Level 3 investment was made close to the year end and the cost of the investment approximates the fair value.

### Measurement of fair values

Fair value of liquid mutual funds are based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

### Sensitivity analysis

For the fair values of forward/option contracts of foreign currencies, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects.

Significant observable inputs	Impact on profit or loss		Impact on other equity	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Movement in spot rate of the foreign currency				
INR/USD - Increase by 1%	-	-	(350)	(406)
INR/USD - Decrease by 1%	-	-	350	372
Movement in Interest rates	-	-		
LIBOR - Increase by 100 bps	-	-	(34)	(176)
LIBOR - Decrease by 100 bps	-	-	34	176

## B. Financial risk management

The Company's activities expose it to a variety of financial risks : credit risk, market risk and liquidity risk.

### (i) Risk management framework

The Company's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

### (ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables and unbilled revenues) and from its investment activities, including deposits with banks and financial institutions, investments in mutual funds and other financial instruments.

The Company has established a credit mechanism under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables and unbilled revenue amounting to Rs. 4,491 (31 March 2019: Rs 3,642). The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for Impairment	31 March 2020	31 March 2019
Opening balance	53	64
Impairment loss recognised	9	(11)
<b>Closing balance</b>	<b>62</b>	<b>53</b>

Receivable from one customer as at 31 March 2019 of the Company's receivables is Rs. 397 which is more than 10 percent of the Company's total receivables. There is no receivable from any customer as at 31 March 2020 that is more than 10 percent of the Company's total receivables.

Credit risk on investments, cash and cash equivalent and derivatives is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units and non-convertible debentures.

### (iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains line of credits as stated in Note 13.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2020:

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Lease liabilities (non-current)	-	146	342	968	1,456
Borrowings (current)	6,856	-	-	-	6,856
Lease liabilities (current)	138	-	-	-	138
Trade payables	2,228	-	-	-	2,228
Derivative liabilities (non-current)	-	504	874	-	1,378
Derivative liabilities (current)	546	-	-	-	546
Other financial liabilities	1,181	-	-	-	1,181
<b>Total</b>	<b>10,949</b>	<b>650</b>	<b>1,216</b>	<b>968</b>	<b>13,783</b>

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2019:

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings (non-current)	2,609	3,466	-	-	6,075
Lease liabilities (non-current)	-	57	188	250	495
Borrowings (current)	1,907	-	-	-	1,907
Lease liabilities (current)	54	-	-	-	54
Trade payables	2,235	-	-	-	2,235
Derivative liabilities (non-current)	-	57	108	131	296
Derivative liabilities (current)	97	-	-	-	97
Other financial liabilities	822	-	-	-	822
<b>Total</b>	<b>7,724</b>	<b>3,580</b>	<b>296</b>	<b>381</b>	<b>11,981</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 31 March 2020 and 31 March 2019 are as below:

31 March 2020	USD	EUR	Others	Total
<b>Financial assets</b>				
Trade receivables	3,421	16	-	3,437
Cash and cash equivalents	1,748	6	2	1,756
Other financial assets (current)	540	19	-	559
<b>Financial liabilities</b>				
Borrowings (current)	(3,089)	-	-	(3,089)
Trade payables	(266)	(36)	(16)	(318)
Other financial liabilities (current)	(3,936)	(54)	(20)	(4,010)
<b>Net assets / (liabilities)</b>	<b>(1,582)</b>	<b>(49)</b>	<b>(34)</b>	<b>(1,665)</b>

31 March 2019	USD	EUR	Others	Total
<b>Financial assets</b>				
Trade receivables	2,768	53	-	2,821
Cash and cash equivalents	812	98	-	910
Other financial assets (current)	344	28	-	372
<b>Financial liabilities</b>				
Borrowings (non-current)	(3,466)	-	-	(3,466)
Borrowings (current)	(1,907)	-	-	(1,907)
Trade payables	(302)	(37)	(10)	(349)
Other financial liabilities (current)	(2,802)	(19)	(8)	(2,829)
<b>Net assets / (liabilities)</b>	<b>(4,553)</b>	<b>123</b>	<b>(18)</b>	<b>(4,448)</b>

### Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other equity	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>USD Sensitivity</b>				
INR/USD - Increase by 1%	(17)	(46)	(367)	(452)
INR/USD - Decrease by 1%	15	46	365	418
<b>EUR Sensitivity</b>				
INR/EUR - Increase by 1%	1	1	1	1
INR/EUR - Decrease by 1%	(1)	(1)	(1)	(1)

### Derivative financial instruments

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

Particulars	31 March 2020	31 March 2019
Foreign exchange forward contracts to buy	USD 402 (Rs. 30,298)	USD 436 (Rs. 30,256)
European style option contracts with periodical maturity dates	USD 155 (Rs. 11,654)	USD 150 (Rs. 10,370)
Interest rate swaps used for hedging LIBOR component in External Commercial Borrowings	USD 50 (Rs. 3,767)	USD 75 (Rs. 5,199)

### Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended 31 March 2020 and 31 March 2019 the Company's borrowings at variable rate were mainly denominated in USD.

#### (a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	31 March 2020	31 March 2019
Variable rate borrowings	1,092	2,773
Fixed rate borrowings	5,764	5,360
<b>Total borrowings</b>	<b>6,856</b>	<b>8,133</b>

#### (b) Sensitivity

##### Fixed rate borrowings:

The Company policy is to maintain its long-term borrowings at fixed rate using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

##### Variable rate borrowings:

A reasonably possible change of 100 bps would have increased / (decreased) profit and loss and equity by Rs. 11 (31 March 2019 - Rs. 28).

## 29. Capital management

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute annual dividends in future periods.

The amount of future dividends of equity shares will be balanced with efforts to continue to maintain an adequate liquidity status.

The capital structure as of 31 March 2020 and 31 March 2019 was as follows:

Particulars	31 March 2020	31 March 2019
Total equity attributable to the equity shareholders of the Company	21,741	19,672
<b>As a percentage of total capital</b>	<b>76%</b>	<b>71%</b>
Long-term borrowings (including current maturities)	3,767	6,226
Short-term borrowings	3,089	1,907
<b>Total borrowings</b>	<b>6,856</b>	<b>8,133</b>
<b>As a percentage of total capital</b>	<b>24%</b>	<b>29%</b>
<b>Total capital (Equity and Borrowings)</b>	<b>28,597</b>	<b>27,805</b>

### 30. Tax expense

Particulars	31 March 2020	31 March 2019
<b>(a) Amount recognised in Statement of profit and loss</b>		
Current tax	893	864
Deferred tax:		
MAT credit entitlement	(381)	(44)
Others related to:		
Origination and reversal of other temporary differences	530	15
<b>Tax expense for the year</b>	<b>1,042</b>	<b>835</b>
<b>Reconciliation of effective tax rate</b>		
Profit before tax and exceptional item	4,444	4,142
Add: Exceptional item	713	-
Profit before tax	5,157	4,142
Tax at statutory income tax rate 34.94% (31 March 2019 - 34.94%)	1,802	1,447
<i>Tax effects of amounts which are not deductible / (taxable) in calculating taxable income</i>		
Tax incentive and other deductions	(921)	(540)
Non-deductible expense	89	54
Basis difference that will reverse during the tax holiday period	(123)	(174)
Others	195	48
<b>Income tax expense</b>	<b>1,042</b>	<b>835</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 31 March 2020	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
<b>Deferred tax asset</b>					
MAT credit entitlement	1,125	381	-	-	1,506
Defined benefit obligations	99	36	(5)	-	130
Derivatives, net	-	-	420	-	420
Others	22	(7)	-	12	27
<b>Gross deferred tax assets</b>	<b>1,246</b>	<b>410</b>	<b>415</b>	<b>12</b>	<b>2,083</b>
<b>Deferred tax liability</b>					
Derivatives, net	34	-	(34)	-	-
Property, plant and equipment, investment property and intangible assets, net	297	559	-	-	856
<b>Gross deferred tax liability</b>	<b>331</b>	<b>559</b>	<b>(34)</b>	<b>-</b>	<b>856</b>
<b>Deferred tax assets / (liabilities), net</b>	<b>915</b>	<b>(149)</b>	<b>449</b>	<b>12</b>	<b>1,227</b>

For the year ended 31 March 2019	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
<b>Deferred tax asset</b>					
MAT credit entitlement	1,081	44	-	-	1,125
Defined benefit obligations	76	12	11	-	99
Others	27	(5)	-	-	22
<b>Gross deferred tax assets</b>	<b>1,184</b>	<b>51</b>	<b>11</b>	<b>-</b>	<b>1,246</b>
<b>Deferred tax liability</b>					
Derivatives, net	185	-	(151)	-	34
Property, plant and equipment, investment property and intangible assets, net	256	41	-	-	297
Others	19	(19)	-	-	-
<b>Gross deferred tax liability</b>	<b>460</b>	<b>22</b>	<b>(151)</b>	<b>-</b>	<b>331</b>
<b>Deferred tax assets / (liabilities), net</b>	<b>724</b>	<b>29</b>	<b>162</b>	<b>-</b>	<b>915</b>

## 31. Contingent liabilities and commitments

(to the extent not provided for)

	31 March 2020	31 March 2019
<b>(i) Contingent liabilities</b>		
<b>(a) Claims against the Company not acknowledged as debt</b>	4,245	3,357
The above includes:		
(I) Income tax matters relating to financial year 2002 -03 to 2016 - 17 (31 March 2019 : financial year 2002 - 03 to 2015 - 16)	4,221	3,330
(II) Indirect tax matters	24	27
(III) In light of recent judgment of Honourable Supreme Court dated 28th February 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Company's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence It is unclear as to whether the clarified definition of Basic Wage would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability.		
Including the matters disclosed above, the Company is involved in taxation matters that arise from time to time in the ordinary course of business. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, if any, the Company believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters. Management is of the view that above matters will not have any material adverse effect on the Company's financial position and results of operations.		
<b>(b) Guarantees</b>		
Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	2	2
The necessary terms and conditions have been complied with and no liabilities have arisen.		
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	2,213	3,732

## 32. Segmental Information

### Operating segments

The Company is engaged in a single operating segment of providing contract research and manufacturing services. Accordingly, there are no additional disclosures to be provided Ind AS 108 'Operating Segments' other than those already provided in the financial statements.

### Geographical information

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, revenue has been based on the geographic location of the customers and assets which have been based on the geographical location of the assets.

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Revenue from operations:</b>		
India	1,643	1,843
United States of America	14,776	12,880
Rest of the World	3,700	3,533
<b>Total</b>	<b>20,119</b>	<b>18,256</b>
The following is the carrying amount of non current assets by geographical area in which the assets are located:	24	27
<b>Carrying amount of non-current assets</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
India	23,492	17,594
Outside India	-	-
<b>Total</b>	<b>23,492</b>	<b>17,594</b>

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

### Major customer

Revenue from two customers (31 March 2019 - two customer) of the Company's Revenue from operations aggregates to Rs. 6,482 (31 March 2019 - Rs.6,293) which is more than 10 percent of the Company's total revenue.

### 33. Share based compensation

#### Syngene ESOP Plan 2011

On 20 July 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of the Company and administrated by the Nomination and Remuneration Committee. The Board of Directors approved the employee stock option plan of the Company. On 31 October 2012, the Trust subscribed into the equity shares of the Company using the proceeds from interest free loan of Rs. 150 million obtained from the Company.

#### Grant

Pursuant to the Scheme, the Company has granted options to eligible employees of the Company under Syngene Employee Stock Option Plan - 2011. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 35% and 40% of the total grant at end of second, third and fourth year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs. 11.25 # [31 March 2019 : Rs. 22.5] per share (Face Value of Rs. 10 per share). The cost for the year has been accounted in the statement of profit and loss is Rs. 181 million [31 March 2019 : Rs. 93 million].

#### Details of Grant

Particulars	31 March 2020 No. of options #	31 March 2019 No. of options
Outstanding at the beginning of the year	2,693,576	2,235,222
Granted during the year	711,613	191,668
Forfeited during the year	(103,038)	(52,139)
Exercised during the year	(612,577)	(1,027,963)
Outstanding at the end of the year	2,689,574	1,346,788
Exercisable at the end of the year	695,090	360,102
Weighted average exercise price	11.25	22.5
Weighted average fair value of shares granted during the year under Black Scholes Model (In Rs)	312.6	556.5
Weighted average share price at the date of exercise (In Rs)	295.8	578.7

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2020 is 1.63 years [31 March 2019 - 1.85 years ].

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

Particulars	31 March 2020 #	31 March 2019
Dividend yield (%)	0.2%	0.2%
Exercise Price (In Rs)	11.25	22.5
Volatility	27.3%	30.5%
Life of the options granted (vesting and exercise period) [in years]	6.15	6.15
Average risk-free interest rate	7.0%	7.9%

# The number of equity shares outstanding for the previous year is adjusted for the event of increase as a result of bonus issue.

#### Syngene Restricted Stock Unit Long Term Incentive Plan 2020

The Board of Directors of the Company on 24 April 2019 and the Shareholders of the Company in the Annual General Meeting held on 24 July 2019 approved the Syngene Restricted Stock Unit Long Term Incentive Plan 2020. Each option entitles for one equity share. The options under this grant will vest to the employees as 20%, 20%, 30% and 30% of the total grant at the end of first, second, third and fourth year from the date of first grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs. 10 per share (Face Value of Rs. 10 per share). No stock options were granted during the year ended 31 March 2020 under this plan.

### 34. Leases

The Company has entered into lease agreements for use of land, buildings, plant and equipment and vehicles which expires over a period ranging upto the year of 2039. Gross payments for the year aggregate to Rs. 109.

Effective 1 April 2019, the company adopted Ind AS 116 "Leases" on all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-use assets (ROU) of Rs. 350 million and a lease liability of Rs. 381 million. The cumulative effect of applying the standard resulted in Rs. 65 million being debited to retained earnings, net of taxes. The effect of this adoption did not have a material impact on profit before tax, profit for the period and the earnings per share. Ind AS 116 will result in an increase in cash flows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the movement in lease liabilities during the year ended 31 March 2020:

Particulars	Land	Buildings	Vehicles	Total
Balance at the beginning	-	160	-	160
Additions on account of adoption of Ind AS 116	122	227	32	381
Additions during the year	-	366	9	375
Finance cost accrued during the period	10	53	3	66
Deletions	-	-	-	-
Payment of lease liabilities	(42)	(57)	(10)	(109)
<b>Balance at the end</b>	<b>90</b>	<b>749</b>	<b>34</b>	<b>873</b>

The following is the break-up of current and non-current lease liabilities as at 31 March 2020:

Current	61
Non-current	812
<b>Total</b>	<b>873</b>

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Less than one year	138
One to five years	488
More than five years	968
<b>Total</b>	<b>1,594</b>

The following are the amounts recognised in the statement of profit or loss for the year ended 31 March 2020:

Depreciation expenses on right of use-assets	81
Interest expenses on lease liabilities	66
<b>Total</b>	<b>147</b>

### 35. Exceptional item

Pursuant to a fire incident on 12 December 2016, certain fixed assets, inventory and other contents in one of the buildings were damaged. The Company lodged an estimate of loss with the insurance company and the survey is currently ongoing. The Company has recorded a loss of Rs. 1,057 million arising from such incident till 31 March 2020. The Company has received the disbursements of Rs. 1,770 million (31 March 2019: Rs. 815) from the insurance company against the loss till 31 March 2020. The aforementioned receivable and the disbursements from the insurance claim has been presented on a net basis as Rs. 713 million under Exceptional items in these standalone financial statements. Consequential tax of Rs. 254 million is included within tax expense in these standalone financial statements.

In addition, the Company is in the process of determining its final claim for loss of fixed assets and Business Interruption and has accordingly not recorded any further claim arising therefrom at this stage.

### 36. Impact of COVID-19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption.

The Company has considered internal and external information while finalizing various estimates in relation to its financial statement captions upto the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

### 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.

	31 March 2020	31 March 2019
(a) Amount required to be spent by the Company during the year	74	63
(b) Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	74	63

### 38. Earnings per equity share (EPS)

	31 March 2020	31 March 2019
<b>Earnings</b>		
Profit for the year	4,115	3,307
<b>Shares</b>		
Basic outstanding shares	400,000,000	400,000,000
Less: Weighted average shares held with the ESOP Trust	(2,888,961)	(4,498,742)
<b>Weighted average shares used for computing basic EPS</b>	<b>397,111,039</b>	<b>395,501,258</b>
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	1,041,836	1,226,156
<b>Weighted average shares used for computing diluted EPS</b>	<b>398,152,875</b>	<b>396,727,414</b>
<b>Earnings per equity share</b>		
Basic (in Rs.)	10.36	8.36
Diluted (in Rs.)	10.33	8.34

The number of equity shares outstanding and the earnings per equity share for the previous year is adjusted for the event of increase as a result of bonus issue in accordance with Ind AS 33 - Earnings Per Share. Also refer note 12 (a) (vi).

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

The disclosures regarding details of SBNs held and transacted during 8 November 2016 to 30 December 2016 has not been made in these standalone financial statements since the requirement does not pertain to financial year ended 31 March 2020 and 31 March 2019.

### 40. Prior year's comparatives

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's classification.

As per our report of even date attached

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

*Chartered Accountants*

Firm Registration No: 101248W/W-100022

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

**Kiran Mazumdar Shaw**

*Chairperson*  
DIN: 00347229

**Jonathan Hunt**

*Managing Director and Chief Executive Officer*  
DIN: 07774619

**Sampad Guha Thakurta**

*Partner*  
Membership number: 060573

Bengaluru  
12 May 2020

**Sibaji Biswas**

*Chief Financial Officer*

Bengaluru  
12 May 2020

**Priyadarshini Mahapatra**

*Company Secretary*  
ACS Number: F8786

# INDEPENDENT AUDITOR'S REPORT

To the Members of Syngene International Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the Consolidated Financial Statements of Syngene International Limited (hereinafter referred to as "the Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon. We therefore do not provide a separate opinion on these matters.

### Financial instruments – Hedge accounting

[Refer Note 2(c) and 28 to the Consolidated Financial Statements]

#### *The Key Audit Matter*

The Company enters into forward, option and interest rate swap contracts to hedge its foreign exchange and interest rate risks. Foreign exchange risks arise from sales to customers as significant part of its revenues are denominated in foreign currency with most of the costs denominated in Indian Rupees (INR). The interest rate risks arises from the variable rate of interest on its foreign currency borrowings.

The Company designates a significant portion of its derivatives as cash flow hedges of highly probable forecasted transactions. Derivative financial instruments are recognized at their fair value as of the balance sheet date on the basis of valuation report obtained from third party specialists. Basis such valuations, effective portion of derivative movements are recognized within equity.

These matters are of importance to our audit due to complexity in the valuation of derivative contracts and complex accounting and documentation requirements under Ind AS 109: "Financial Instruments". Lockdowns because of COVID-19 had an impact on its operations and thereby impacted Company's estimates relating to occurrence of the highly probable forecasted transactions. A hedging relationship can no longer be continued if the Company concludes forecasted transactions are not likely to occur. Given the uncertainties relating to COVID-19, judgments and estimates relating to hedge accounting were inherently complex.

*How the matter was addressed in our audit*

Our audit procedures in relation to hedge accounting include the following, amongst others:

We involved our internal valuation specialists to assess the fair value of the derivatives by testing sample contracts. We analyzed critical terms (such as nominal amount, maturity and underlying) of the hedging instrument and the hedged item to assess they are closely aligned. We analysed the revised estimate of highly probable forecasted transactions and tested the impact of ineffective hedges. We challenged Company's assertion relating to its ability to meet its forecasts to be able to assert that hedge accounting can be continued by analysing various scenarios to conclude there was no significant impact on the year-end financial statements.

**Taxation**

[Refer Note 2(n) and 30 to the Consolidated Financial Statements]

*The Key Audit Matter*

The Holding Company's operations are majorly based out of units registered as Special Economic Zone (SEZ) and Export Oriented Unit (EOU). Accordingly, the Holding Company enjoys certain deductions/benefits with respect to payment of income-tax and other indirect taxes, some of which are subject matters of dispute with tax authorities. The Holding Company periodically assesses its tax positions, which include examination by the external tax consultant and tax counsels appointed by the Holding Company. Judgment is required in assessing the range of possible outcomes for some of these tax matters. The possible outcomes, could change significantly over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Where the amount of tax liabilities is uncertain, the Holding Company recognises accruals/contingent liability which reflect the Holding Company's best estimate of the outcome based on the facts as at the reporting date. Thus, there is a risk of incorrect accounting of accruals and disclosure of contingent liability for tax.

The Holding Company also has significant amount of deferred tax assets primarily comprising of Minimum Alternate Tax ('MAT') entitlement credits. These are on account of tax holiday benefits enjoyed by the Holding Company, which would expire over a period of 15 years as stipulated under present income tax law. Assessment of recoverability of such MAT credits require the Company to prepare forecasts for future profitability and potential tax liabilities, which involves significant judgment and accordingly this is an area of focus for us.

*How the matter was addressed in our audit*

Our audit procedures in relation to taxation include the following, amongst others:

- We obtained an understanding of the key uncertain tax positions based on list of ongoing litigations and tax computations for the current year;
- We analysed select key correspondences with the tax authorities to identify any additional uncertain tax positions;
- We analysed the Holding Company's judgment regarding the eventual resolution of matters with various tax authorities. In this regard, we understood how Company has considered past experience, where available, with the tax authorities in the respective jurisdictions;
- We also considered external legal opinions and consultations made by the Holding Company for significant matters;
- We used our own tax specialists' expertise to assess the key assumptions made by Company
- With respect to our assessment of recoverability of MAT, our audit procedures included:
  - Assessing the revenue and profit forecast against the historical performance and assessing the Holding Company's plans with respect to new undertakings being setup having tax holiday benefits; and
  - We assessed the sensitivity of key assumptions. The growth rate and the impact of tax holiday benefit for future years on the Holding Company's ability to utilize MAT credits including sensitivity of any of these assumptions because of impact of COVID-19 that has been considered by the Holding Company.

## **Ind AS 116 - Leases**

[Refer Note 2(p) and 35 to the Consolidated Financial Statements]

### *The Key Audit Matter*

Ind AS 116 introduces a new lease accounting model, where the lessees are required to recognize a Right-Of-Use (ROU) asset and a lease liability arising from a lease on its balance sheet. The Group has adopted Ind AS 116 with effect from 1 April 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 is recognized as an adjustment to the opening balances of the retained earnings as at the date of transition, with no restatement of comparative information.

Lease arrangements in the Group which were previously classified as operating leases under Ind AS 17 'Leases' and held off balance sheet will need to be recognised within assets and liabilities under Ind AS 116.

Significant judgements are required in the assumptions and estimates made in order to determine the ROU asset and lease liability. The assumptions and estimates include application of practical expedients, selection of accounting policy choices, assessment of lease term, determination of applicable incremental borrowing rate, among others.

Additionally, there is a risk the lease data which is underlying the Ind AS 116 computations is incomplete or inaccurate.

As at 31 March 2020, the carrying amount of ROU asset was INR 864 million and lease liability was INR 873 million.

### *How the matter was addressed in our audit*

Our audit procedures on adoption of Ind AS 116 include the following:

We assessed the selection of accounting policies and practical expedients applied by the Group. We evaluated the design and implementation of key controls and operating effectiveness of the relevant key controls with respect to the Ind AS 116. Based on our evaluation of the contractual agreements entered into and our understanding of the business, assessed the appropriateness of the leases identified by the Group.

On transition to Ind AS 116 with effect from 1 April 2019, we have evaluated the method of transition and related adjustments. We tested the completeness of the lease data by reconciling the Group's existing lease commitments to the lease data underpinning the Ind AS 116 computations. We obtained the Group's quantification of ROU assets and leases liabilities. We assessed the accuracy of the lease data captured by the Group for a sample of leases through inspection of lease contracts. We assessed the accounting policy and disclosures provided under the new lease standard. We also assessed the completeness and mathematical accuracy of the relevant disclosures, including those related to transition.

## **Information Other than the Consolidated Financial Statements and Auditor's Report thereon**

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises of Management Reports such as Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report (but does not include the Consolidated Financial Statements and our Auditor's Report thereon) which we obtained prior to the date of this auditor's report, and the remaining reports, which is expected to be made available to us after that date.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this Auditor's Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of Annual Report (other than those mentioned above), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

### **Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

The respective Management and Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company, and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of each Company.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of Consolidated Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Financial Statements of which we are the independent auditors.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

We communicate with those charged with governance of the Holding Company and such other entity included in the Consolidated Financial Statements of which we are the independent auditor regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act;
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act; and

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- A. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- ii) The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 31 to the Consolidated Financial Statements.
  - iii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 28 to the Consolidated Financial Statements in respect of such items as it relates to the Group.
  - iv) There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2020.
  - v) The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.
- B. With respect to the matter to be included in the Auditor’s Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is in accordance with the provisions not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

*Chartered Accountants*

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

**Sampad Guha Thakurta**

*Partner*

Membership Number: 060573

UDIN: 20060573AAAABH9836

Bengaluru

12 May 2020

## **Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Syngene International Limited for the year ended 31 March 2020**

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

**(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### **Opinion**

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to Consolidated Financial Statements of Syngene International Limited (hereinafter referred to as "the Holding Company"), a company incorporated in India under the Companies Act, 2013, as of that date.

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to Consolidated Financial Statements criteria established by the Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### **Management and Board of Directors' Responsibility for Internal Financial Controls**

The Holding Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to Consolidated Financial Statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements.

### Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

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

### Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

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

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

*Chartered Accountants*

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

**Sampad Guha Thakurta**

*Partner*

Membership Number: 060573

UDIN: 20060573AAAAABH9836

Bengaluru

12 May 2020

# Consolidated Balance Sheet

as at 31 March 2020

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

	Note	31 March 2020	31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3 (a)	18,766	13,227
Capital work-in-progress	3 (a)	2,341	2,737
Right-of-use assets	3 (b)	864	-
Investment property	3 (c)	360	400
Intangible assets	4	207	141
Financial assets			
(i) Investments	5(a)	380	-
(ii) Derivative assets		257	677
(iii) Other financial assets	6(a)	146	208
Deferred tax assets (net)	7	1,227	915
Income tax assets (net)		760	629
Other non-current assets	8(a)	195	460
<b>Total non-current assets</b>		<b>25,503</b>	<b>19,394</b>
<b>Current assets</b>			
Inventories	9	252	434
Financial assets			
(i) Investments	5(b)	7,384	7,160
(ii) Trade receivables	10	3,982	3,387
(iii) Cash and cash equivalents	11(a)	1,930	1,652
(iv) Bank balances other than (iii) above	11(b)	885	2,717
(v) Derivative assets		191	699
(vi) Other financial assets	6(b)	686	930
Other current assets	8(b)	816	662
<b>Total current assets</b>		<b>16,126</b>	<b>17,641</b>
<b>Total assets</b>		<b>41,629</b>	<b>37,035</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12 (a)	4,000	2,000
Other equity	12 (b)	17,758	17,684
<b>Total equity</b>		<b>21,758</b>	<b>19,684</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	13(a)	-	3,466
(ii) Lease liabilities		812	151
(iii) Derivative liabilities		1,378	296
Provisions	14(a)	409	374
Other non-current liabilities	15(a)	1,880	1,778
<b>Total non-current liabilities</b>		<b>4,479</b>	<b>6,065</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	13(b)	3,089	1,907
(ii) Lease liabilities		61	9
(iii) Trade payables	16		
Total outstanding dues of micro and small enterprises		207	142
Total outstanding dues of creditors other than micro and small enterprises		2,013	2,093
(iv) Derivative liabilities		546	97
(v) Other financial liabilities	17	4,948	3,431
Provisions	14(b)	415	210
Income tax liabilities (net)		117	158
Other current liabilities	15(b)	3,996	3,239
<b>Total current liabilities</b>		<b>15,392</b>	<b>11,286</b>
<b>Total equity and liabilities</b>		<b>41,629</b>	<b>37,035</b>

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

As per our report of even date attached  
for **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No: 101248WW-100022

**Sampad Guha Thakurta**  
Partner  
Membership number: 060573

Bengaluru  
12 May 2020

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

**Kiran Mazumdar Shaw**  
Chairperson  
DIN: 00347229

**Sibaji Biswas**  
Chief Financial Officer

Bengaluru  
12 May 2020

**Jonathan Hunt**  
Managing Director and Chief Executive Officer  
DIN: 07774619

**Priyadarshini Mahapatra**  
Company Secretary  
ACS Number: F8786

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

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

	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>Income</b>			
Revenue from operations	18	20,119	18,256
Other income	19	816	751
<b>Total income</b>		<b>20,935</b>	<b>19,007</b>
<b>Expenses</b>			
Cost of chemicals, reagents and consumables consumed	20	5,186	5,053
Changes in inventories of finished goods and work-in-progress	21	8	260
Employee benefits expense	22	5,804	4,727
Finance costs	23	346	323
Depreciation and amortisation expense	24	2,193	1,642
Other expenses	25	3,086	2,829
Foreign exchange fluctuation (gain)/loss, net		(144)	19
<b>Total expenses</b>		<b>16,479</b>	<b>14,853</b>
<b>Profit before tax and exceptional item</b>		<b>4,456</b>	<b>4,154</b>
Exceptional item	36	713	-
<b>Profit before tax</b>		<b>5,169</b>	<b>4,154</b>
<b>Tax expense</b>	30		
Current tax		899	867
Deferred tax			
MAT credit entitlement		(381)	(44)
Other deferred tax		530	15
<b>Total tax expense</b>		<b>1,048</b>	<b>838</b>
<b>Profit for the year</b>		<b>4,121</b>	<b>3,316</b>
<b>Other comprehensive income</b>			
<b>(i) Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurement on defined benefit plans		23	(45)
Income tax effect		(5)	11
<b>(ii) Items that will be reclassified subsequently to profit or loss</b>			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(2,388)	(819)
Income tax effect		454	151
<b>Other comprehensive income for the year, net of taxes</b>		<b>(1,916)</b>	<b>(702)</b>
<b>Total comprehensive income for the year</b>		<b>2,205</b>	<b>2,614</b>

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

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

	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>Profit attributable to:</b>			
Shareholders of the Company		4,121	3,316
Non-controlling interest		-	-
<b>Profit for the year</b>		<b>4,121</b>	<b>3,316</b>
<b>Other comprehensive income attributable to:</b>			
Shareholders of the Company		(1,916)	(702)
Non-controlling interest		-	-
<b>Other comprehensive income for the year</b>		<b>(1,916)</b>	<b>(702)</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		2,205	2,614
Non-controlling interest		-	-
<b>Total comprehensive income for the year</b>		<b>2,205</b>	<b>2,614</b>
<b>Earnings per equity share</b>	39		
Basic (in Rs)		10.38	8.39
Diluted (in Rs)		10.35	8.36

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

As per our report of even date attached  
for **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No: 101248WW-100022

**Sampad Guha Thakurta**  
Partner  
Membership number: 060573  
Bengaluru  
12 May 2020

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

**Kiran Mazumdar Shaw**  
Chairperson  
DIN: 00347229

**Sibaji Biswas**  
Chief Financial Officer

Bengaluru  
12 May 2020

**Jonathan Hunt**  
Managing Director and Chief Executive Officer  
DIN: 07774619

**Priyadarshini Mahapatra**  
Company Secretary  
ACS Number: F8786

# Consolidated Statement of Cash Flows

for the year ended 31 March 2020

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

	31 March 2020	31 March 2019
<b>I. Cash flows from operating activities</b>		
Profit for the year	4,121	3,316
<u>Adjustments to reconcile profit to net cash flows</u>		
Depreciation and amortisation expense	2,193	1,642
Loss on assets scrapped	14	-
Exceptional item	(713)	-
Provision for doubtful receivables	10	(11)
Bad debts written off	1	10
Share based compensation expense	181	88
Interest expense	346	299
Unrealised foreign exchange loss	45	13
Net gain on sale of current investments	(28)	(44)
Proceeds from insurance company	970	-
Interest income	(787)	(707)
Tax expenses	1,048	838
<b>Operating profit before working capital changes</b>	<b>7,401</b>	<b>5,444</b>
<b>Movements in working capital</b>		
Decrease/ (increase) in inventories	182	426
Decrease/ (increase) in trade receivables	(362)	(704)
Decrease/ (increase) in other assets	(1,735)	(126)
Increase/ (decrease) in trade payables, other liabilities and provisions	2,356	2,225
<b>Cash generated from operations</b>	<b>7,842</b>	<b>7,265</b>
Income taxes paid (net of refunds)	(1,071)	(961)
<b>Net cash flow generated from operating activities</b>	<b>6,771</b>	<b>6,304</b>
<b>II. Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,300)	(5,815)
Purchase of intangible assets	(131)	(18)
Purchase of investment property	-	(76)
Investment in unsecured compulsorily convertible debentures	(100)	-
Investment in bank deposits and inter corporate deposits	(12,892)	(12,987)
Redemption/ maturity of bank deposits and inter corporate deposits	13,831	10,817
Interest received	891	553
Proceeds from sale of current investments	9,123	8,876
Purchase of current investments	(8,706)	(7,815)
<b>Net cash flow used in investing activities</b>	<b>(4,284)</b>	<b>(6,465)</b>

	31 March 2020	31 March 2019
<b>III. Cash flows from financing activities</b>		
Proceeds from exercise of share options	7	19
Repayment of long term borrowings	(2,677)	(1,291)
Proceeds/ (repayments) from short term borrowings, net	1,057	1,088
Dividend paid on equity shares including tax thereon	(241)	(241)
Payment of bonus share issue expenses	(12)	-
Repayment of lease liabilities (principal), net	(43)	-
Interest paid	(346)	(299)
<b>Net cash flow used in financing activities</b>	<b>(2,255)</b>	<b>(724)</b>
<b>IV. Net increase/(decrease) in cash and cash equivalents (I+II+III)</b>	<b>232</b>	<b>(885)</b>
<b>V. Effect of exchange difference on cash and cash equivalents held in foreign currency</b>	46	10
<b>VI. Cash and cash equivalents at the beginning of the year</b>	1,652	2,527
<b>VII. Cash and cash equivalents at the end of the year (IV+V+VI)</b>	<b>1,930</b>	<b>1,652</b>
<b>Components of cash and cash equivalents as at the end of the year</b>		
Cash on hand	- *	-
Balances with banks	1,924	1,652
Deposits with maturity of less than 3 months	6	-
<b>Total cash and cash equivalents [refer note 11(a)]</b>	<b>1,930</b>	<b>1,652</b>

Restricted cash balance [refer note 11 (ii)] 8 - \*

\* Less than Rs. 0.5 million.

#### Change in liability arising from financing activities

	1 April 2019	Cash Flow	Foreign exchange loss	31 March 2020
Borrowings (including current maturities)	7,973	(1,620)	503	6,856
	<b>7,973</b>	<b>(1,620)</b>	<b>503</b>	<b>6,856</b>

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

As per our report of even date attached for and on behalf of the **Board of Directors of Syngene International Limited**  
for **B S R & Co. LLP**

Chartered Accountants  
Firm Registration No: 101248WW-100022

**Kiran Mazumdar Shaw**  
Chairperson  
DIN: 00347229

**Jonathan Hunt**  
Managing Director and Chief Executive Officer  
DIN: 07774619

**Sampad Guha Thakurta**  
Partner  
Membership number: 060573

**Sibaji Biswas**  
Chief Financial Officer

**Priyadarshini Mahapatra**  
Company Secretary  
ACS Number: F8786

Bengaluru  
12 May 2020

Bengaluru  
12 May 2020

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

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

Particulars	Reserves and surplus		Items of other comprehensive income			Total other equity		
	Securities premium	General reserve	Treasury shares	Retained earnings	Special Economic Zone (SEZ) reinvestment reserve		Share based payment	Cash flow hedging reserves
<b>(A) Equity share capital</b>								
Opening balance	1,183	47	(69)	12,843	-	282	988	(70)
Issue of bonus shares [refer note 12(a)(vi)]	-	-	-	3,316	-	-	-	-
<b>Closing balance</b>	-	-	-	<b>3,316</b>	-	-	<b>(668)</b>	<b>(34)</b>
<b>(B) Other equity [refer note 12(b)]</b>								
Balance as at 1 April 2018	-	-	-	(241)	-	-	-	-
Profit for the year	90	-	23	(4)	-	(90)	-	-
Other comprehensive income, net of tax	-	-	-	(450)	450	88	-	-
<b>Total comprehensive income for the year</b>	-	-	-	<b>450</b>	<b>(450)</b>	-	-	-
<b>Transactions recorded directly in equity</b>								
Dividend including dividend distribution tax	-	-	-	-	-	-	-	-
Exercise of share options	-	-	-	-	-	-	-	-
Share based payment	-	-	-	-	-	-	-	-
Transfer to SEZ reinvestment reserve	-	-	-	-	-	-	-	-
Transfer from SEZ reinvestment reserve	-	-	-	450	(450)	-	-	-
<b>Balance as at 31 March 2019</b>	<b>1,273</b>	<b>47</b>	<b>(46)</b>	<b>15,914</b>	<b>450</b>	<b>280</b>	<b>320</b>	<b>(104)</b>
Profit for the year	-	-	-	4,121	-	-	(1,934)	18
Other comprehensive income, net of tax	-	-	-	-	-	-	(1,934)	18
<b>Total comprehensive income for the year</b>	-	-	-	<b>4,121</b>	-	-	<b>(1,934)</b>	<b>18</b>
<b>Transactions recorded directly in equity</b>								
Issue of fully paid up bonus shares	(12)	(47)	-	(1,953)	-	-	-	-
Expenses in relation to issue of Bonus shares	-	-	-	-	-	-	-	-
Dividend including dividend distribution tax	-	-	-	(241)	-	-	-	-
Exercise of share options	72	-	5	1	-	(72)	-	6
Share based payment	-	-	-	-	-	181	-	-
Impact on account of adoption of Ind AS-116 [refer note 35]	-	-	-	(65)	-	-	-	-
Transfer to SEZ reinvestment reserve	-	-	-	(1,500)	1,500	-	-	-
Transfer from SEZ reinvestment reserve	-	-	-	1,500	(1,500)	-	-	-
<b>Balance as at 31 March 2020</b>	<b>1,333</b>	-	<b>(41)</b>	<b>17,777</b>	-	<b>389</b>	<b>(1,614)</b>	<b>(86)</b>

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

As per our report of even date attached for and on behalf of the **Board of Directors of Syngene International Limited**

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

Chartered Accountants

Firm Registration No: 101248W/W-100022

**Kiran Mazumdar Shaw**

Chairperson

DIN: 00347229

**Jonathan Hunt**

Managing Director and Chief Executive Officer

DIN: 07774619

**Sampad Guha Thakurta**

Partner

Membership number: 060573

Bengaluru

12 May 2020

**Priyadarshini Mahapatra**

Company Secretary

ACS Number: F8786

Bengaluru

12 May 2020

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

## 1. COMPANY OVERVIEW

### 1.1 Reporting entity

Syngene International Limited (“Syngene” or “the parent company” or “the Company”), together with its subsidiary (collectively, the “Group”) is engaged in providing contract research and manufacturing services from lead generation to clinical supplies to pharmaceutical and biotechnology companies worldwide. Syngene’s services include integrated drug discovery and development capabilities in medicinal chemistry, biology, in vivo pharmacology, toxicology, custom synthesis, process R&D, cGMP manufacturing, formulation and analytical development along with Clinical development services. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka, India. The Company’s shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

### 1.2 Basis of preparation of financial statements

#### a) Statement of compliance

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

The Company had incorporated its wholly owned overseas subsidiary, Syngene USA Inc., USA (‘the Subsidiary’) during the year ended 31 March 2018 and operational from 1 November 2017.

These consolidated financial statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Company’s annual reporting date, 31 March 2020. These consolidated financial statements were authorised for issuance by the Company’s Board of Directors on 12 May 2020.

Details of the Group’s accounting policies are included in Note 2.

#### b) Functional and presentation currency

These consolidated financial statements are presented in Indian rupees (INR), which is also the functional currency of the parent company. All amounts have been rounded-off to the nearest million, unless otherwise indicated. In respect of subsidiary whose operations are self-contained and integrated, the functional currency has been determined to be the currency of the primary economic environment in which the entity operates. Accordingly, the financial statements of Syngene USA Inc. has been prepared in United States Dollar (USD).

#### c) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for the following items:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value;
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations;

#### d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

## Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 1.2(b) — Assessment of functional currency;
- Note 2(c) and 28 — Financial instruments;
- Note 2(d), 2(e) and 2(f) — Useful lives of property, plant and equipment, investment property and intangible assets;
- Note 2(l) and 18 — Revenue Recognition: whether revenue from sale of compounds is recognised over time or at a point in time;
- Note 2(n), 30 and 31 — Provision for income taxes and related tax contingencies;
- Note 2(p) and 35 — Leases;
- Note 2(j) and 27 — measurement of defined benefit obligation; key actuarial assumptions; and
- Note 34 — Share based payments;

## 1.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- Note 2(i)(i) and 28 — impairment of financial assets;
- Note 2(i)(ii) — impairment of non-financial assets;
- Note 2(j) and 27 — measurement of defined benefit obligations: key actuarial assumptions; and
- Note 14 and 31 — recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

## 1.4 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 2(c) and 28 – financial instruments;
- Note 3(b) – investment property; and
- Note 34 – share based payment arrangements;

## 2. Significant accounting policies

### a. Basis of consolidation

#### I. Subsidiary

Subsidiary is entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of the Group are consolidated on line-by-line basis. Intra-group transactions, balances and any unrealised gains arising from intra-group transactions, are eliminated. Unrealised losses are eliminated, but only to the extent that there is no evidence of impairment. All temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions are recognised as per Ind AS 12, Income Taxes.

For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiary has been kept consistent with the policies adopted by the Group.

#### Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### II. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in statement of profit or loss.

### b. Foreign currency

#### I. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

Under previous GAAP exchange differences arising on restatement of long-term foreign currency monetary items related to acquisition of depreciable assets was added to/ deducted from the cost of the depreciable assets. In accordance with Ind AS 101 First time adoption of Indian Accounting Standards the Group continues the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements as on 31 March 2016.

## II. Foreign operations

The assets and liabilities of foreign operations (subsidiary) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency translation differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

## c. Financial instruments

### i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

### ii. Classification and subsequent measurement

#### Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 28 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

### iii. Derecognition Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

#### iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### v. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

#### Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

#### vi. Treasury shares

The Company has created an Employee Welfare Trust (EWT) for providing share-based payment to its employees. Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. When the treasury shares are issued to the employees by EWT, the amount received is recognised as an increase in equity and the resultant gain / (loss) is transferred to / from securities premium.

## vii. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### Cash dividend to equity holders

The Group recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

## d. Property, plant and equipment

### i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Exchange differences arising on long-term foreign currency monetary items initially recognised in the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

### ii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and land under perpetual lease are not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25-30 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-14 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	Useful life or lease period whichever is lower	

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions/(disposals) is provided on a pro-rata basis i.e. from/(upto) the date on which asset is ready for use/(disposed of).

**iii. Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

**e. Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Based on technical evaluation and consequent advice, the management believes a period of 3 to 25 years as representing the best estimate of the period over which investment property (which are quite similar) are expected to be used. Accordingly, the Group depreciates investment property over a period of 3 to 25 years on a straight-line basis. The estimated useful life of assets in investment property are different from the indicative useful lives of relevant type of asset mentioned in Part C of Schedule II to the act as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-11 years	8-20 years
Computers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years

Any gain or loss on disposal of an investment property is recognised in statement of profit and loss.

**f. Intangible assets**

**Internally generated: Research and Development:**

Expenditure on research activities is recognised in statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

**Others**

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

**I. Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

## II. Amortisation

Intangible assets are amortised on a straight line basis over the estimated useful life as follows:

- Computer software 5 years
- Intellectual property rights 5-10 years

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

## g. Business combination

In accordance with Ind AS 103, Business combinations, the Group accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

## h. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Chemicals, reagents and consumables held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

## i. Impairment

### I. Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (“ECL”) model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

### II. Impairment of non-financial assets

The Group assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss.

The Group's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or groups of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **j. Employee benefits**

### **I. Gratuity**

The Group provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Group recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

### **II. Provident Fund**

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a Government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

### **III. Compensated absences**

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised 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.

#### **k. Provisions (other than for employee benefits)**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

#### **Onerous contracts**

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

#### **I. Revenue from contracts with customers**

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

The Group derives revenues primarily from Contract research and manufacturing services income. Revenue is recognised upon transfer of control of promised services or compounds to customers in an amount that reflects the consideration we expect to receive in exchange for those services or compounds.

Arrangement with customers for Contract research and manufacturing services income are either on a time-and-material basis, fixed price or on a sale of compounds.

In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts.

Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Group monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

In respect of contracts involving sale of compounds arising out of contract research, revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment to the customer/customer's acceptance. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

The consideration received by the Group in exchange for its goods may be fixed or variable. Variable consideration is only recognised when it is considered highly probable that a significant revenue reversal will not occur once the underlying uncertainty related to variable consideration is subsequently resolved.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The Group collects Goods and service tax, (GST) as applicable, on behalf of the Government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

## ii. Rental income

Rental income from investment property is recognised in statement of profit and loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

## iii. Contribution received from customers towards property, plant and equipment

Contributions received from customers towards items of property, plant and equipment which require an obligation to supply services to the customer in the future, are recognised as a credit to deferred revenue. The contribution received is recognised as revenue from operations over the useful life of the assets. The Group capitalises the gross cost of these assets as the Group controls these assets.

## iv. Dividends

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

## v. Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

## m. Government grants

The Group recognises Government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortised over the useful life of such asset. Grants related to income are recognised in statement of profit and loss as other operating revenues.

## n. Income taxes

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

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 consolidated financial statements except when:

- taxable temporary differences arising on the initial recognition of goodwill;
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiary, associate and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Group offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **o. Borrowing cost**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### **p. Leases**

##### **i. The Group as lessee:**

The Group assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Group assesses whether:

- The contract involves use of an identified asset
- The Group has substantially all the economic benefits from the use of the asset through the period of lease
- The Group has the right to direct the use of an asset.

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

Certain lease agreements include an option to extend or terminate the lease before the end of lease term. ROU assets and the lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., higher of fair value less cost to sell and the value-in-use) is determined on individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use assets if the Group changes its assessment if whether it will exercise an extension or a termination of option.

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

## II. The Group as a Lessor:

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating lease.

### Transition

Effective 1 April 2019, the group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use assets at its carrying amount as if standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2020 have not been retrospectively adjusted.

## q. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

## r. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

### 3 (a) Property, plant and equipment and Capital work-in-progress

	Land [refer note (a)]	Buildings [refer note (c)]	Plant and equipment [refer note (b)]	Office equipments	Furniture and fixtures	Vehicles	Leasehold Improvements	Total	Capital work-in- progress
<b>Gross carrying amount</b>									
At 1 April 2018	597	2,892	12,227	100	295	33	172	16,316	1,554
Additions	106	455	4,332	22	97	-	-	5,012	6,915
Transfer to investment property [refer note (f)]	-	(34)	(384)	(1)	(3)	-	-	(422)	-
Disposals / other adjustments	-	-	-	-	-	(3)	-	(3)	(5,012)
<b>At 31 March 2019</b>	<b>703</b>	<b>3,313</b>	<b>16,175</b>	<b>121</b>	<b>389</b>	<b>30</b>	<b>172</b>	<b>20,903</b>	<b>2,737</b>
Additions	-	2,234	5,314	40	112	3	-	7,703	7,307
Reclassification to right-of-use assets on account of adoption of Ind AS 116 [refer note 2(p) and 35]	-	-	-	-	-	-	(172)	(172)	-
Disposals / other adjustments	-	-	(168)	-	-	(3)	-	(171)	(7,703)
<b>At 31 March 2020</b>	<b>703</b>	<b>5,547</b>	<b>21,321</b>	<b>161</b>	<b>501</b>	<b>30</b>	<b>-</b>	<b>28,263</b>	<b>2,341</b>
<b>Accumulated depreciation</b>									
At 1 April 2018	-	559	5,412	57	147	10	10	6,195	-
Depreciation for the year	-	127	1,322	24	44	9	17	1,543	-
Transfer to investment property	-	-	(59)	-	-	-	-	(59)	-
Disposals	-	-	-	-	-	(3)	-	(3)	-
<b>At 31 March 2019</b>	<b>-</b>	<b>686</b>	<b>6,675</b>	<b>81</b>	<b>191</b>	<b>16</b>	<b>27</b>	<b>7,676</b>	<b>-</b>
Depreciation for the year	-	147	1,768	29	56	8	-	2,008	-
Transfer to right-of-use assets on account of adoption of Ind AS 116 [refer note 2(p)]	-	-	-	-	-	-	(27)	(27)	-
Disposals	-	-	(158)	-	-	(2)	-	(160)	-
<b>At 31 March 2020</b>	<b>-</b>	<b>833</b>	<b>8,285</b>	<b>110</b>	<b>247</b>	<b>22</b>	<b>-</b>	<b>9,497</b>	<b>-</b>
<b>Net carrying amount</b>									
<b>At 31 March 2019</b>	<b>703</b>	<b>2,627</b>	<b>9,500</b>	<b>40</b>	<b>198</b>	<b>14</b>	<b>145</b>	<b>13,227</b>	<b>2,737</b>
<b>At 31 March 2020</b>	<b>703</b>	<b>4,714</b>	<b>13,036</b>	<b>51</b>	<b>254</b>	<b>8</b>	<b>-</b>	<b>18,766</b>	<b>2,341</b>

#### Notes:

- Land includes land held on lease under perpetual basis: Gross carrying amount - Rs. 661 (31 March 2019 - Rs. 661).
- Plant and equipment includes computers.
- Buildings with a gross carrying amount of Rs. 3,593 as at 31 March 2020 (as at 31 March 2019 - Rs. 3,154) have been constructed on leasehold land obtained by the Company on lease basis from Biocon Limited, the holding Company.
- Foreign exchange loss of Rs. 667 [31 March 2019 - Rs. 289] on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset pursuant to option available on long-term foreign currency monetary items which were obtained before the beginning of the first Ind AS financial reporting period as per the previous GAAP (refer note 2(b)(i)).
- Additions to property, plant and equipment includes additions related to borrowing costs capitalised during the year amounting to Rs. Nil (31 March 2019 - Rs. 20).
- During the year ended 31 March 2019, a portion of facility was reclassified as investment property [refer note 3 (c)], as the company leased out the facility to a related party.
- During the year ended 31 March 2020, leasehold improvements was reclassified as right-of-use assets [refer note 3(b)] on account of adoption of Ind AS 116.

### 3 (b) Right-of-use assets

	Land	Buildings	Vehicles	Total
<b>Gross carrying amount</b>				
At 1 April 2019	-	-	-	-
Reclassified from property, plant and equipment on account of adoption of Ind AS 116 [refer note 2(p) and 35]	-	172	-	172
Additions	65	696	39	800
<b>At 31 March 2020</b>	<b>65</b>	<b>868</b>	<b>39</b>	<b>972</b>
<b>Accumulated depreciation</b>				
At 1 April 2019	-	-	-	-
Reclassified from property, plant and equipment on account of adoption of Ind AS 116 (refer note 2(p))	-	27	-	27
Amortisation for the year	20	58	3	81
<b>At 31 March 2020</b>	<b>20</b>	<b>85</b>	<b>3</b>	<b>108</b>
<b>Net carrying amount</b>				
<b>At 31 March 2020</b>	<b>45</b>	<b>783</b>	<b>36</b>	<b>864</b>

### 3 (c) Investment property

	Buildings [refer note (b)]	Furniture and fixtures	Office equipments	Plant and equipment	Total
<b>Gross carrying amount</b>					
At 1 April 2018	-	-	-	-	-
Transfer from property, plant and equipment	34	3	1	384	422
Additions	-	-	-	76	76
<b>At 31 March 2019</b>	<b>34</b>	<b>3</b>	<b>1</b>	<b>460</b>	<b>498</b>
Additions	-	-	-	-	-
<b>At 31 March 2020</b>	<b>34</b>	<b>3</b>	<b>1</b>	<b>460</b>	<b>498</b>
<b>Accumulated depreciation</b>					
At 1 April 2018	-	-	-	-	-
Transfer from property, plant and equipment	1	-	-	58	59
Depreciation for the year	1	1	-	37	39
<b>At 31 March 2019</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>95</b>	<b>98</b>
Depreciation for the year	1	1	-	38	40
<b>At 31 March 2020</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>133</b>	<b>138</b>
<b>Net carrying amount</b>					
<b>At 31 March 2019</b>	<b>32</b>	<b>2</b>	<b>1</b>	<b>365</b>	<b>400</b>
<b>At 31 March 2020</b>	<b>31</b>	<b>1</b>	<b>1</b>	<b>327</b>	<b>360</b>

**Note:**

- During the year, the Company has recognised rental income of Rs. 225 (31 March 2019 - Rs. 221) in the statement of profit and loss for investment property. The fair value of investment property as at 31 March 2020 is Rs. 360 (31 March 2019 - Rs. 400).
- Investment property with a cost of Rs. 34 (31 March 2019 - Rs. 34) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.

#### 4. Intangible assets

	Computer software	Intellectual property right	Total
<b>Gross carrying amount</b>			
At 1 April 2018	171	120	291
Additions	18	-	18
Disposals	-	-	-
<b>At 31 March 2019</b>	<b>189</b>	<b>120</b>	<b>309</b>
Additions	130	-	130
Disposals	-	-	-
<b>At 31 March 2020</b>	<b>319</b>	<b>120</b>	<b>439</b>
<b>Accumulated amortisation</b>			
At 1 April 2018	70	38	108
Amortisation for the year	36	24	60
Disposals	-	-	-
<b>At 31 March 2019</b>	<b>106</b>	<b>62</b>	<b>168</b>
Amortisation for the year	40	24	64
Disposals	-	-	-
<b>At 31 March 2020</b>	<b>146</b>	<b>86</b>	<b>232</b>
<b>Net carrying amount</b>			
<b>At 31 March 2019</b>	<b>83</b>	<b>58</b>	<b>141</b>
<b>At 31 March 2020</b>	<b>173</b>	<b>34</b>	<b>207</b>

#### 5. Investments

	31 March 2020	31 March 2019
<b>(a) Non-current investments</b>		
<b>Unquoted - In Others</b>		
Investments carried at fair value through profit or loss		
Immuneel Therapeutics Private Limited - 10,000,000 (31 March 2019: Nil)	100	-
0.01% unsecured compulsorily convertible debentures, par value Rs.10 each fully paid up[refer note(i) below]		
Investments carried at amortized cost		
Investments in Certificates of deposits*	280	-
	<b>380</b>	<b>-</b>
Aggregate value of unquoted investments	380	-

#### Notes:

(i) Terms of conversion: 4,950 unsecured compulsorily convertible debentures of face value Rs. 10/- each will convert to 1 equity share of Rs. 49,500/- (Face value of Rs. 10/- and premium of Rs. 49,490) at end of the tenure of 12 months.

\* Inter corporate deposits with financial institutions yield fixed interest rate.

	31 March 2020	31 March 2019
<b>(b) Current investments</b>		
<b>Investments In mutual funds (quoted) (Non trade)</b>		
Aditya Birla Sun Life Liquid Fund - 156,619 (31 March 2019: 567,252) units of Rs. 319 (31 March 2019: Rs. 300) each	50	170
DSP Liquidity Fund - Nil (31 March 2019: 20,604) units of Rs. Nil (31 March 2019: Rs. 2,672) each	-	55
HDFC Liquid Fund - Nil (31 March 2019: 14,975) units of Rs. Nil (31 March 2019: Rs. 3,676) each	-	55
ICICI Prudential Liquid Fund - Nil (31 March 2019: 271,979) units of Rs. Nil (31 March 2019: Rs. 276) each	-	75
Invesco India Liquid Fund - Nil (31 March 2019: 21,407) units of Rs. Nil (31 March 2019: Rs. 2,571) each	-	55
SBI Liquid Fund - Nil (31 March 2019: 18,812) units of Rs. Nil (31 March 2019: Rs. 2,927) each	-	55
Tata Liquid Fund - Nil (31 March 2019: 13,602) units of Rs. Nil (31 March 2019: Rs. 2,943) each	-	40
UTI Liquid Fund Cash Plan - Nil (31 March 2019: 17,998) units of Rs. Nil (31 March 2019: Rs. 3,060) each	-	55
Nippon India Overnight Fund - 1,126,048 (31 March 2019: Nil) units of Rs. 107 (31 March 2019: Rs. Nil) each	121	-
	171	560
<b>Unquoted - In Others</b>		
Inter corporate deposits with financial institutions*	7,213	6,600
	<b>7,384</b>	<b>7,160</b>
* Inter corporate deposits with financial institutions yield fixed interest rate.		
Aggregate value of quoted investments	171	560
Aggregate value of unquoted investments	7,213	6,600

## 6. Other financial assets

	31 March 2020	31 March 2019
<b>(a) Non-current</b>		
Security deposits	146	208
	<b>146</b>	<b>208</b>
<b>(b) Current</b>		
Recoverable from insurance company (refer note 36)	-	240
Other receivables (refer note 26)	53	207
Interest accrued but not due	124	228
Unbilled revenues	509	255
	<b>686</b>	<b>930</b>

## 7. Deferred tax assets (net) (refer note 30(b))

	31 March 2020	31 March 2019
<b>Deferred tax asset</b>		
MAT credit entitlement	1,506	1,125
Employee benefit obligations	130	99
Derivatives, net	420	-
Others	27	22
	<b>2,083</b>	<b>1,246</b>
<b>Deferred tax liability</b>		
Derivatives, net	-	34
Property, plant and equipment, investment property and intangible assets, net	856	297
Others	-	-
	<b>856</b>	<b>331</b>
<b>Deferred tax assets (net)</b>	<b>1,227</b>	<b>915</b>

## 8. Other assets

	31 March 2020	31 March 2019
<b>(a) Non-current</b>		
Capital advances	117	327
Balances with statutory / government authorities	55	55
Prepayments	23	78
	<b>195</b>	<b>460</b>
<b>(b) Current</b>		
Advances other than capital advances	47	34
Export incentive receivables	432	409
Balances with statutory / government authorities	131	5
Prepayments	206	214
	<b>816</b>	<b>662</b>

## 9. Inventories

	31 March 2020	31 March 2019
Chemicals, reagents and consumables *	202	376
Work-in-progress	33	51
Finished goods	17	7
	<b>252</b>	<b>434</b>

\* includes goods in-transit Rs. 30 (31 March 2019 - Rs. 11)

## 10. Trade Receivables

	31 March 2020	31 March 2019
<b>Unsecured</b>		
Considered good (refer note 26)	3,982	3,387
Considered doubtful	62	53
	<b>4,044</b>	<b>3,440</b>
Allowance for credit losses	(62)	(53)
	<b>3,982</b>	<b>3,387</b>

The above includes :

Due from Narayana Hrudayalaya Limited ('NHL') in which a director of the Company is a member of board of directors.

The Group's exposure to credit and currency risks, and loss allowances are disclosed in note 28.

## 11. Cash and bank balances

	31 March 2020	31 March 2019
<b>(a) Cash and cash equivalents</b>		
Cash on hand	- *	- *
Balances with banks (on current accounts)	1,924	1,652
Deposits with original maturity of less than 3 months	6	-
	<b>1,930</b>	<b>1,652</b>
<b>(b) Bank balances other than above</b>		
Deposits with maturity of less than 12 months	885	2,717
<b>Total cash and bank balances</b>	<b>2,815</b>	<b>4,369</b>

\* Less than Rs. 0.5 million.

- (i) The Company has Balances with banks (on unpaid dividend account) which are not disclosed above since amounts are rounded off to Rupees million.
- (ii) Cash and cash equivalents includes restricted cash and bank balances of Rs. 8 (31 March 2019: Rs. Nil). The restrictions are primarily on account of bank balances held under Employee Welfare Trust.

## 12(a). Equity share capital

	31 March 2020	31 March 2019
<b>Authorised</b>		
500,000,000 (31 March 2019: 250,000,000) equity shares of Rs 10/- each (31 March 2019 - Rs 10/- each)	5,000	2,500
<b>Issued, subscribed and fully paid-up</b>		
400,000,000 (31 March 2019: 200,000,000) equity shares of Rs 10/- each (31 March 2019 - Rs 10/- each)	4,000	2,000
	<b>4,000</b>	<b>2,000</b>

### (i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	31 March 2020		31 March 2019	
	No.	Rs	No.	Rs
At the beginning of the year	200,000,000	2,000	200,000,000	2,000
Issue of bonus shares during the year [refer note (vi) below]	200,000,000	-	-	-
<b>At the end of the year</b>	<b>400,000,000</b>	<b>2,000</b>	<b>200,000,000</b>	<b>2,000</b>

### (ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (iii) Details of shares held by holding company and their subsidiaries

	31 March 2020		31 March 2019	
	No.	% holding	No.	% holding
Equity shares of Rs. 10 each fully paid				
Biocon Limited (holding company) [refer note (vi) below]	280,974,772	70.24%	140,487,386	70.24%

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

	31 March 2020		31 March 2019	
	No.	% holding	No.	% holding
<u>Equity shares of Rs 10 each fully paid</u>				
Biocon Limited [refer note (vi) below]	280,974,772	70.24%	140,487,386	70.24%

**(v) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

	31 March 2020	31 March 2019
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 bonus shares by capitalization of general reserve and surplus in statement of profit and loss [refer note (vi) below]	200,000,000	-
Equity shares allotted as fully paid pursuant to contracts for consideration other than cash @	5,254,576	4,641,999

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

@ Syngene Employee Welfare Trust transferred equity shares to eligible employees upon meeting of the vesting conditions as per Syngene Employee Stock Option 2011. The consideration other than excise price was received in form of employee services. Equity shares allotted for the year ended 31 March 2020 is adjusted for the event of increase as a result of bonus issue.

**(vi) Issue of bonus shares**

The shareholders approved through postal ballot on 13 July 2019, the issue of fully paid up bonus shares of face value of Rs. 10/- each in the ratio of 1:1 by capitalisation of general reserves and surplus in statement of profit and loss.

**(vii) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 34.

**12(b). Other equity****Securities premium**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

**General reserve**

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. It is utilised in accordance with the provisions of the Companies Act, 2013.

**Retained earnings**

The amount represents surplus in statement of profit and loss not transferred to any reserve and can be distributed by the Company as dividends to its equity shareholders. The amount also includes retained earnings of Syngene Employee Welfare Trust.

**Share based payment reserve**

The Company has established share based payment plan for certain categories of employees of the Company. Also refer note 34 for further details on these plans.

### Treasury shares

The amount represents cost of own equity instruments that are acquired (treasury shares) by the ESOP trust and is disclosed as a deduction from other equity.

### Cash flow hedging reserves

The cash flow hedging reserve represents the cumulative effective portion of gains or losses (net of tax) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

### Special Economic Zone (SEZ) reinvestment reserve

The SEZ Re-Investment reserve has been created out of profit of eligible SEZ units in terms of the provisions of Section 10AA(1) (ii) of the Income-Tax Act, 1961. The reserve has been utilised for acquiring new plant and machinery for the purpose of its business in terms of section 10AA(2) of the Income-Tax Act, 1961.

## 13. Borrowings

	31 March 2020	31 March 2019
<b>(a) Non-current borrowings</b>		
Term loans from banks		
External commercial borrowings(secured) [refer note (i) below]	3,767	6,066
	<b>3,767</b>	<b>6,066</b>
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(3,767)	(2,600)
	<b>-</b>	<b>3,466</b>
<b>(b) Current borrowings</b>		
Term loans from banks		
Pre shipment credit(unsecured) [refer note (ii) below]	3,089	1,907
	<b>3,089</b>	<b>1,907</b>
<b>The above amount includes</b>		
Secured borrowings	3,767	6,066
Unsecured borrowings	3,089	1,907
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(3,767)	(2,600)
	<b>3,089</b>	<b>5,373</b>

### Notes:

- (i) (a) The Company entered into External Commercial Borrowing agreement dated 30 March 2016 to borrow USD 100 million comprising (a) USD 50 million term loan facility ('Facility A'); and (b) USD 50 million term loan facility ('Facility B'). The facilities are borrowed to incur capital expenditure at Bangalore and Mangalore premises of the Company.
  - (b) 'Facility A' of USD 50 million carries an interest rate of Libor + 1.04% and is repaid in two instalments of USD 12.5 million in March 2019 and USD 37.5 million in March 2020 in line with the agreement ; and 'Facility B' of USD 50 million carries an interest rate of Libor + 1.30% and is repayable in March 2021.
  - (c) The facilities provided are secured by first priority pari passu charge on fixed assets (movable plant and machinery) and second charge on current assets of the Company.
- (ii) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of Rs. 3,089 (USD 41 million) [31 March 2019 : Rs. 1,907 (USD 27.5 million)] that carries interest rate of Libor + 0.35% to + 0.60% [31 March 2019 : Libor + 0.60% to + 1.08%]. The loans are repayable after the end of 3 to 6 months from the date of its origination.
- (iii) Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 28.

## 14. Provisions

	31 March 2020	31 March 2019
<b>(a) Non-current</b>		
Provision for employee benefits		
Gratuity (refer note 27)	409	374
	<b>409</b>	<b>374</b>
<b>(b) Current</b>		
Provision for employee benefits		
Gratuity (refer note 27)	42	33
Compensated absences	373	177
	<b>415</b>	<b>210</b>

## 15. Other liabilities

	31 March 2020	31 March 2019
<b>(a) Non-current</b>		
Deferred rent liability	-	24
Deferred revenues	1,880	1,754
	<b>1,880</b>	<b>1,778</b>
<b>(b) Current</b>		
Advances from customers	3,095	2,676
Deferred revenues	306	209
Others		
- Statutory dues	124	101
- Other dues	471	253
	<b>3,996</b>	<b>3,239</b>

## 16. Trade payables

	31 March 2020	31 March 2019
Trade payables [refer note (a) below and note 26]		
Total outstanding dues of micro and small enterprises	207	142
Total outstanding dues of creditors other than micro and small enterprises	2,013	2,093
	<b>2,220</b>	<b>2,235</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	207	142
- Interest due on above	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	629	243
(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	6	4
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	17	11

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors.

\* Less than Rs. 0.5 million.

(b) All Trade Payables are 'current'. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 28.

## 17. Other financial liabilities

	31 March 2020	31 March 2019
<b>Current</b>		
Current maturities of long term borrowings with Banks (refer note 13(a))	3,767	2,600
Payable for capital goods	1,155	734
Book overdraft	26	97
	<b>4,948</b>	<b>3,431</b>

(i) The Company has unpaid dividends which are not disclosed above since amounts are rounded off to Rupees million.

## 18. Revenue from operations

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of services		
Contract research and manufacturing services income	18,797	17,156
Other operating revenues		
Scrap sales	27	28
Export incentives	654	548
Others [refer note (a) below]	641	524
	<b>20,119</b>	<b>18,256</b>

### Note:

(a) Others include income from support services, rentals by the SEZ Developer and release from deferred revenue for assets funded by customers over the useful life.

### 18.1 Disaggregated revenue information

Set out below is the disaggregation of revenue:

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Revenues from Contract research and manufacturing services income by geography</b>		
India	714	1,047
United States of America	14,383	12,576
Rest of the world	3,700	3,533
	<b>18,797</b>	<b>17,156</b>
<b>Revenue from other sources</b>		
Other operating revenues	1,322	1,100
	<b>1,322</b>	<b>1,100</b>
<b>Total revenue from operations</b>	<b>20,119</b>	<b>18,256</b>

Geographical revenue is allocated based on the location of the customers

### 18.2 Contract balances

	Year ended 31 March 2020	Year ended 31 March 2019
Trade receivables [refer note (i) below]	3,982	3,387
Contract assets [refer note (ii) below]	-	-
Contract liabilities [refer note (iii) below]	5,281	4,639

### Notes:

(i) Trade receivables are non-interest bearing.

(ii) The Company does not have contract assets as at 31 March 2020 and 31 March 2019.

(iii) Contract liabilities include advances from customers and deferred revenue.

### 18.3 Changes in Contract liabilities - advances from customers and deferred revenue

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Balance at the beginning of the year</b>	4,639	3,054
Add: Increase due to invoicing during the year	4,247	5,160
Less: Revenue recognised from advances from customers at the beginning of the year	(2,613)	(2,316)
Less: Amounts recognised as revenue during the year	(992)	(1,259)
<b>Balance at the end of the year</b>	<b>5,281</b>	<b>4,639</b>
Expected revenue recognition from remaining performance obligations:		
- Within one year	3,401	2,885
- More than one year	1,880	1,754
	<b>5,281</b>	<b>4,639</b>

### 18.4 Performance obligation:

In relation to information about the Group's performance obligations in contracts with customers refer note 2(l).

### 19. Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income on:		
Deposits with banks and financial institutions	782	703
Lease deposits	5	4
Net gain on sale of current investments	28	44
Other non-operating income	1	-
	<b>816</b>	<b>751</b>

### 20. Cost of chemicals, reagents and consumables consumed

	Year ended 31 March 2020	Year ended 31 March 2019
Inventory at the beginning of the year	376	542
Add : Purchases	5,012	4,887
Less: Inventory at the end of the year	(202)	(376)
	<b>5,186</b>	<b>5,053</b>

### 21. Changes in inventories of finished goods and work-in-progress

	Year ended 31 March 2020	Year ended 31 March 2019
Inventories at the beginning of the year		
Work-in-progress	51	235
Finished goods	7	83
	<b>58</b>	<b>318</b>
Inventories at the end of the year		
Work-in-progress	33	51
Finished goods	17	7
	<b>50</b>	<b>58</b>
	<b>8</b>	<b>260</b>

## 22. Employee benefits expense

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	5,059	4,161
Contribution to provident fund and other funds	219	184
Gratuity expenses (refer note 27)	91	58
Share based compensation expense (refer note 34)	181	93
Staff welfare expenses	254	231
	<b>5,804</b>	<b>4,727</b>

## 23. Finance costs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense [refer note (i) below]	346	323
	<b>346</b>	<b>323</b>

**Note:**

- (i) Interest expense includes exchange difference to the extent considered as an adjustment to borrowing cost of Rs. 3 (31 March 2019 : Rs. 24)

## 24. Depreciation and amortisation expense

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation of property, plant and equipment [refer note 3 (a)]	2,008	1,543
Amortisation of right-of-use assets [refer note 3 (b)]	81	-
Depreciation of investment property [refer note 3 (c)]	40	39
Amortisation of intangible assets [refer note 4]	64	60
	<b>2,193</b>	<b>1,642</b>

## 25. Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Rent	-	105
Communication expenses	16	24
Travelling and conveyance	345	279
Professional charges	438	334
Payments to auditors [refer note (a) below]	6	5
Directors' fees including commission	23	19
Power and fuel	458	413
Facility charges	111	124
Insurance	158	170
Rates and taxes	94	177
Repairs and maintenance		
Plant and machinery	619	532
Buildings	151	78
Others	267	247
Selling expenses		
Freight outwards and clearing charges	19	3
Sales promotion expenses	90	66
Commission	2	8
Provision for doubtful receivables	10	(1)
Bad debts written off	1	10
Less: Provision no longer required written back	(1)	(10)
Printing and stationery	47	41
Clinical trial expenses	78	96
Contributions towards CSR (refer note 38)	74	63
Miscellaneous expenses	80	46
	<b>3,086</b>	<b>2,829</b>
<b>(a) Payments to auditors:</b>		
As an auditor:		
Statutory audit	3	2
Tax audit	1	1
Limited review	1	1
In other capacity:		
Other services (certification fees) [refer note (i) below]	-	-
Reimbursement of expenses	1	1
	<b>6</b>	<b>5</b>

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

## 26. Related party transactions

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

### List of Related parties

Particulars	Nature of relationship
<b>A. Key management personnel</b>	
Kiran Mazumdar Shaw	Chairperson (w.e.f. 1 April 2020)
Kiran Mazumdar Shaw	Chairperson and Managing Director (till 31 March 2020)
John Shaw	Non-executive director
Jonathan Hunt	Managing Director and Chief Executive Officer (w.e.f. 1 April 2020)
Jonathan Hunt	Director and Chief Executive Officer (till 31 March 2020)
Catherine Rosenberg	Non-executive director
Russell Walls	Independent director (till 24 July 2019)
Bala S. Manian	Independent director
Paul Blackburn	Independent director
Suresh Talwar	Independent director (till 24 July 2019)
Vijay Kuchroo	Independent director
Vinita Bali	Independent director
Sharmila Abhay Karve	Independent director (w.e.f. 1 August 2019)
Carl Decicco	Independent director (w.e.f. 1 October 2019)
M.B. Chinappa	Chief Financial officer (till 17 December 2019)
Sibaji Biswas	Chief Financial officer (w.e.f. 18 December 2019)
Mayank Verma	Company Secretary (till 24 May 2019)
Priyadarshini Mahapatra	Company Secretary (w.e.f. 24 July 2019)
<b>B. Holding company</b>	
Biocon Limited	Holding Company
<b>C. Fellow subsidiaries</b>	
Biocon Sdn. Bhd., Malaysia	Fellow subsidiary
Biocon Pharma Limited	Fellow subsidiary
Biocon Research Limited	Fellow subsidiary
Biocon SA, Switzerland	Fellow subsidiary
Biocon Biologics Limited, UK	Fellow subsidiary
Biocon Pharma Inc, USA	Fellow subsidiary
Biocon FZ LLC, UAE	Fellow subsidiary
Biocon Biologics India Limited	Fellow subsidiary
Biocon Healthcare Sdn. Bhd, Malaysia	Fellow subsidiary
Biocon Academy	Fellow subsidiary
Bicara Therapeutics Inc	Fellow subsidiary
Biocon Pharma UK Limited	Fellow subsidiary
Biocon Pharma Ireland Limited	Fellow subsidiary
Biocon Biosphere Limited	Fellow subsidiary
Biocon Biologics Inc	Fellow subsidiary
<b>D. Other related parties</b>	
Biocon Foundation	Trust in which a director is a trustee
Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors
Immuneel Therapeutics Private Limited	Enterprise in which a director of the Company is a member of board of directors
Jeeves	Enterprise in which relative to a director of the Company is proprietor

The Company has the following related parties transactions

Particulars	Transactions / Balances	31 March 2020	31 March 2019
<b>Key management personnel</b>	Salary and perquisites [refer note (i) & (ii) below]	115	79
	Sitting fees and commission [refer note (iii) below]	23	19
	Outstanding as at the year end		
	- Trade and other payables	5	7
<b>Holding company</b>	Rent	63	54
	Power and facility charges [refer note (iv) below]	360	566
	Purchase of goods	2	9
	Other expenses reimbursed	79	69
	Purchase of assets	31	282
	Sale of services	80	364
	Final dividend paid	140	141
	Rent and facility services	-	248
	Purchase of property, plant and equipment	-	67
	Outstanding as at the year end		
	- Trade and other payables	217	499
	- Rent deposits	23	23
	- Trade and other receivables	34	404
Guarantee given to Central Excise Department	148	148	
<b>Fellow subsidiaries</b>	Sale of services	392	165
	Rent and facility services	233	-
	Purchase of assets	56	-
	Training Services	-	2
	Purchase of goods	-*	-
	Outstanding as at the year end		
	- Trade and other payables	51	-*
- Trade and other receivables	328	146	
<b>Other related Parties</b>	Sale of services	1	1
	Health services availed	4	8
	Contribution towards CSR	74	63
	Staff welfare expenses	4	4
	Investment in compulsorily convertible debentures	100	-
	Outstanding as at the year end		
	- Trade and other payables	-	1
	- Trade and other receivables	-	1

\* Less than Rs. 0.5 million.

- (i) The remuneration to the key managerial personnel does not include the provisions made for gratuity and compensated absences, as they are determined on an actuarial basis for the Company as a whole.
- (ii) Share based compensation expense allocable to key management personnel is Rs. 80 (31 March 2019 - Rs. 42), which is not included in the remuneration disclosed above.
- (iii) Pursuant to approval by the Board of Directors of the Company, the Non-executive non-independent directors of the Company have been entitled to receive remuneration by way of commission effective from quarter ended 31 March 2019.
- (iv) Effective from 1 October 2006, the Company has entered into an arrangement for lease of land on lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of Rs. 115 (31 March 2019 - Rs. 144) and power charges (including other charges) of Rs. 245 (31 March 2019 - Rs. 422) have been charged by Biocon Limited for the year ended 31 March 2020.

- (v) Fellow subsidiary companies with whom the Company did not have any transactions -
  - Biocon SA, Switzerland - subsidiary of Biocon Limited
  - Biocon Pharma Inc, USA - subsidiary of Biocon Limited
  - Biocon FZ LLC, UAE - subsidiary of Biocon Limited
  - Biocon Healthcare Sdn. Bhd, Malaysia - subsidiary of Biocon Limited
  - Biocon Pharma UK Limited - subsidiary of Biocon Limited
  - Biocon Pharma Ireland Limited - subsidiary of Biocon Limited
  - Biocon Biosphere Limited - subsidiary of Biocon Limited
  - Biocon Biologics Inc - subsidiary of Biocon Limited
- (vi) The above disclosures include related parties as per Ind AS 24 on “Related Party Disclosures” and Companies Act, 2013.
- (vii) All transactions with these related parties are priced on an arm’s length basis and none of the balances are secured.

## 27. Employee benefit plans

- (i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act'). Under the Gratuity Act, employee who has completed five years of service is entitled to specific benefit with no monetary limit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company makes contributions to a recognised fund in India.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
<b>Balance as on 1 April 2019</b>	<b>410</b>	<b>(3)</b>	<b>407</b>
Current service cost	65	-	65
Interest cost	26	-	26
<b>Amount recognised in Statement of profit and loss</b>	<b>91</b>	<b>-</b>	<b>91</b>
<i>Remeasurements:</i>			
Return on plan assets, excluding amounts included in interest expense / (income)	-	-*	-*
<b>Actuarial (gain) / loss arising from:</b>			
Demographic assumptions	(8)	-	(8)
Financial assumptions	(6)	-	(6)
Experience adjustment	(9)	-	(9)
<b>Amount recognised in other comprehensive income</b>	<b>(23)</b>	<b>-</b>	<b>(23)</b>
Benefits paid	(24)	-	(24)
<b>Balance as at 31 March 2020</b>	<b>454</b>	<b>(3)</b>	<b>451</b>

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
<b>Balance as on 1 April 2018</b>	<b>323</b>	<b>(3)</b>	<b>320</b>
Current service cost	34	-	34
<b>Interest cost</b>	<b>24</b>	<b>-</b>	<b>24</b>
<b>Amount recognised in Statement of profit and loss</b>	<b>58</b>	<b>-</b>	<b>58</b>
<i>Remeasurements:</i>			
Return on plan assets, excluding amounts included in interest expense / (income)	-	-*	-*
<b>Actuarial (gain) / loss arising from:</b>			
Demographic assumptions	(4)	-	(4)
Financial assumptions	30	-	30
Experience adjustment	19	-	19
<b>Amount recognised in other comprehensive income</b>	<b>45</b>	<b>-</b>	<b>45</b>
Benefits paid	(16)	-	(16)
<b>Balance as at 31 March 2019</b>	<b>410</b>	<b>(3)</b>	<b>407</b>

\* Less than Rs. 0.5 million.

	31 March 2020	31 March 2019
Non current	409	374
Current	42	33
	<b>451</b>	<b>407</b>

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

	31 March 2020	31 March 2019
Interest rate	6.4%	7.2%
Discount rate	6.4%	7.7%
Expected return on plan assets	6.4%	7.2%
Salary increase	9.0%	10%
Attrition rate (based on Age of the Employee)	6% - 16%	5% - 15%
Retirement age - Years	58	58

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 9 years (31 March 2019 - 9 years).

The defined benefit plan exposes the Company to actuarial risks, such as interest rate risk.

(iii) Sensitivity analysis

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

Particulars	31 March 2020		31 March 2019	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate	(30)	34	(29)	33
Salary increase	33	32	32	(29)
Attrition rate	(7)	8	(7)	8

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

As of 31 March 2020 and 31 March 2019, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending 31 March 2020, is approximately Rs. 42 (31 March 2019 - Rs. 34).

Maturity profile of defined benefit obligation

Particulars	31 March 2020	31 March 2019
1st Following year	42	34
2nd Following year	40	33
3rd Following year	40	34
4th Following year	42	35
5th Following year	43	35
Years 6 to 10	182	170
Years 11 and above	400	467

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

### A. Accounting classification and fair values

31 March 2020	Carrying Amount				Fair Value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments (non-current)#	100	-	280	380	-	-	100	100
Derivative assets (non-current)	-	257	-	257	-	257	-	257
Other financial assets (non-current)	-	-	146	146	-	-	-	-
Investments (current)	171	-	7,213	7,384	171	-	-	171
Trade receivables	-	-	3,982	3,982	-	-	-	-
Cash and cash equivalents	-	-	1,930	1,930	-	-	-	-
Bank balances other than above	-	-	885	885	-	-	-	-
Derivative assets (current)	-	191	-	191	-	191	-	191
Other financial assets (current)	-	-	686	686	-	-	-	-
	<b>271</b>	<b>448</b>	<b>15,122</b>	<b>15,841</b>	<b>171</b>	<b>448</b>	<b>100</b>	<b>719</b>
<b>Financial liabilities</b>								
Lease liabilities (non-current)	-	-	812	812	-	-	-	-
Derivative liabilities (non-current)	-	1,378	-	1,378	-	1,378	-	1,378
Borrowings (current)	-	-	3,089	3,089	-	-	-	-
Lease liabilities (current)	-	-	61	61	-	-	-	-
Trade payables	-	-	2,220	2,220	-	-	-	-
Derivative liabilities (current)	-	546	-	546	-	546	-	546
Other financial liabilities (current)	-	-	4,948	4,948	-	-	-	-
	-	<b>1,924</b>	<b>11,130</b>	<b>13,054</b>	-	<b>1,924</b>	-	<b>1,924</b>

31 March 2019	Carrying Amount				Fair Value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Derivative assets (non-current)	-	677	-	677	-	677	-	677
Other financial assets (non-current)	-	-	208	208	-	-	-	-
Investments (current)	560	-	6,600	7,160	560	-	-	560
Trade receivables	-	-	3,387	3,387	-	-	-	-
Cash and cash equivalents	-	-	1,652	1,652	-	-	-	-
Bank balances other than above	-	-	2,717	2,717	-	-	-	-
Derivative assets (current)	-	699	-	699	-	699	-	699
Other financial assets (current)	-	-	930	930	-	-	-	-
	<b>560</b>	<b>1,376</b>	<b>15,494</b>	<b>17,430</b>	<b>560</b>	<b>1,376</b>	-	<b>1,936</b>
<b>Financial liabilities</b>								
Borrowings (non-current)	-	-	3,466	3,466	-	-	-	-
Lease liabilities (non-current)	-	-	151	151	-	-	-	-
Derivative liabilities (non-current)	-	296	-	296	-	296	-	296
Borrowings (current)	-	-	1,907	1,907	-	-	-	-
Lease liabilities (current)	-	-	9	9	-	-	-	-
Trade payables	-	-	2,235	2,235	-	-	-	-
Derivative liabilities (current)	-	97	-	97	-	97	-	97
Other financial liabilities (current)	-	-	3,431	3,431	-	-	-	-
	-	<b>393</b>	<b>11,199</b>	<b>11,592</b>	-	<b>393</b>	-	<b>393</b>

# The Level 3 investment was made close to the year end and the cost of the investment approximates the fair value.

## Measurement of fair values

Fair value of liquid mutual funds are based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

## Sensitivity analysis

For the fair values of forward/option contracts of foreign currencies, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects.

Significant observable inputs	Impact on profit or loss		Impact on other equity	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Movement in spot rate of the foreign currency</b>				
INR/USD - Increase by 1%	-	-	(350)	(406)
INR/USD - Decrease by 1%	-	-	350	372
<b>Movement in Interest rates</b>				
LIBOR - Increase by 100 bps	-	-	(34)	(176)
LIBOR - Decrease by 100 bps	-	-	34	176

## B. Financial risk management

The Group's activities expose it to a variety of financial risks : credit risk, market risk and liquidity risk.

### (i) Risk management framework

The Group's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

### (ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables and unbilled revenues) and from its investment activities, including deposits with banks and financial institutions, investments in mutual funds and other financial instruments.

The Group has established a credit mechanism under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables and unbilled revenue amounting to Rs. 4,491 (31 March 2019: Rs 3,642). The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for Impairment	31 March 2020	31 March 2019
Opening balance	53	64
Impairment loss recognised	9	(11)
<b>Closing balance</b>	<b>62</b>	<b>53</b>

Receivable from one customer as at 31 March 2019 of the Group's receivables is Rs. 397 which is more than 10 percent of the Group's total receivables. There is no receivable from any customer as at 31 March 2020 that is more than 10 percent of the Group's total receivables.

Credit risk on investments, cash and cash equivalent and derivatives is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units and non-convertible debentures.

### (iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Group maintains line of credits as stated in note 13.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2020:

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Lease liabilities (non-current)	-	146	342	968	1,456
Borrowings (current)	6,856	-	-	-	6,856
Lease liabilities (current)	138	-	-	-	138
Trade payables	2,220	-	-	-	2,220
Derivative liabilities (non-current)	-	504	874	-	1,378
Derivative liabilities (current)	546	-	-	-	546
Other financial liabilities	1,181	-	-	-	1,181
<b>Total</b>	<b>10,941</b>	<b>650</b>	<b>1,216</b>	<b>968</b>	<b>13,775</b>

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2019:

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings (non-current)	2,609	3,466	-	-	6,075
Lease liabilities (non-current)	-	57	188	250	495
Borrowings (current)	1,907	-	-	-	1,907
Lease liabilities (current)	54	-	-	-	54
Trade payables	2,235	-	-	-	2,235
Derivative liabilities (non-current)	-	57	108	131	296
Derivative liabilities (current)	97	-	-	-	97
Other financial liabilities	822	-	-	-	822
<b>Total</b>	<b>7,724</b>	<b>3,580</b>	<b>296</b>	<b>381</b>	<b>11,981</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 Group operates internationally and a major portion of the business is transacted in several currencies and consequently, the Group is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Group holds derivative instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

The currency profile of financial assets and financial liabilities as at 31 March 2020 and 31 March 2019 are as below:

31 March 2020	USD	EUR	Others	Total
<b>Financial assets</b>				
Trade receivables	3,421	16	-	3,437
Cash and cash equivalents	1,761	6	2	1,769
Other financial assets (current)	540	19	-	559
<b>Financial liabilities</b>				
Borrowings (current)	(3,089)	-	-	(3,089)
Trade payables	(266)	(36)	(16)	(318)
Other financial liabilities (current)	(3,936)	(54)	(20)	(4,010)
<b>Net assets / (liabilities)</b>	<b>(1,569)</b>	<b>(49)</b>	<b>(34)</b>	<b>(1,652)</b>

31 March 2019	USD	EUR	Others	Total
<b>Financial assets</b>				
Trade receivables	2,768	53	-	2,821
Cash and cash equivalents	812	98	-	910
Other financial assets (current)	344	28	-	372
<b>Financial liabilities</b>				
Borrowings (non-current)	(3,466)	-	-	(3,466)
Borrowings (current)	(1,907)	-	-	(1,907)
Trade payables	(302)	(37)	(10)	(349)
Other financial liabilities (current)	(2,802)	(19)	(8)	(2,829)
<b>Net assets / (liabilities)</b>	<b>(4,553)</b>	<b>123</b>	<b>(18)</b>	<b>(4,448)</b>

### Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other equity	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>USD Sensitivity</b>				
INR/USD - Increase by 1%	(16)	(46)	(366)	(452)
INR/USD - Decrease by 1%	16	46	366	418
<b>EUR Sensitivity</b>				
INR/EUR - Increase by 1%	1	1	1	1
INR/EUR - Decrease by 1%	(1)	(1)	(1)	(1)

### Derivative financial instruments

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

Particulars	31 March 2020	31 March 2019
Foreign exchange forward contracts to buy	USD 402 (Rs. 30,298)	USD 436 (Rs. 30,256)
European style option contracts with periodical maturity dates	USD 155 (Rs. 11,654)	USD 150 (Rs. 10,370)
Interest rate swaps used for hedging LIBOR component in External Commercial Borrowings	USD 50 (Rs. 3,767)	USD 75 (Rs. 5,199)

## Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the year ended 31 March 2020 and 31 March 2019 the Group's borrowings at variable rate were mainly denominated in USD.

### (a) Interest rate risk exposure

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	31 March 2020	31 March 2019
Variable rate borrowings	1,092	2,773
Fixed rate borrowings	5,764	5,360
<b>Total borrowings</b>	<b>6,856</b>	<b>8,133</b>

### (b) Sensitivity

#### Fixed rate borrowings:

The Group policy is to maintain its long-term borrowings at fixed rate using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

#### Variable rate borrowings:

A reasonably possible change of 100 bps would have increased / (decreased) profit and loss and equity by Rs. 11 (31 March 2019 - Rs. 28).

## 29. Capital management

The key objective of the Group's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Group focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Group.

The Group's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute annual dividends in future periods.

The amount of future dividends of equity shares will be balanced with efforts to continue to maintain an adequate liquidity status.

The capital structure as of 31 March 2020 and 31 March 2019 was as follows:

Particulars	31 March 2020	31 March 2019
Total equity attributable to the equity shareholders of the Company	21,758	19,684
<b>As a percentage of total capital</b>	<b>76%</b>	<b>71%</b>
Long-term borrowings (including current maturities)	3,767	6,226
Short-term borrowings	3,089	1,907
<b>Total borrowings</b>	<b>6,856</b>	<b>8,133</b>
As a percentage of total capital	24%	29%
<b>Total capital (Equity and Borrowings)</b>	<b>28,614</b>	<b>27,817</b>

### 30. Tax expense

	31 March 2020	31 March 2019
<b>(a) Amount recognised in Statement of profit and loss</b>		
Current tax	899	867
Deferred tax:		
MAT credit entitlement	(381)	(44)
Others related to:		
Origination and reversal of other temporary differences	530	15
<b>Tax expense for the year</b>	<b>1,048</b>	<b>838</b>
<b>Reconciliation of effective tax rate</b>		
Profit before tax and exceptional item	4,456	4,154
Add: Exceptional item	713	-
Profit before tax	5,169	4,154
Tax at statutory income tax rate 34.94% (31 March 2019 - 34.94%)	1,805	1,450
<i>Tax effects of amounts which are not deductible / (taxable) in calculating taxable income</i>		
Tax incentive	(921)	(529)
Non-deductible expense	89	32
Basis difference that will reverse during the tax holiday period	(123)	(174)
Others	198	59
<b>Income tax expense</b>	<b>1,048</b>	<b>838</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 31 March 2020	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
<b>Deferred tax asset</b>					
MAT credit entitlement	1,125	381	-	-	1,506
Defined benefit obligations	99	36	(5)	-	130
Derivatives, net	-	-	420	-	420
Others	22	(7)	-	12	27
<b>Gross deferred tax assets</b>	<b>1,246</b>	<b>410</b>	<b>415</b>	<b>12</b>	<b>2,083</b>
<b>Deferred tax liability</b>					
Derivatives, net	34	-	(34)	-	-
Property, plant and equipment, investment property and intangible assets, net	297	559	-	-	856
<b>Gross deferred tax liability</b>	<b>331</b>	<b>559</b>	<b>(34)</b>	<b>-</b>	<b>856</b>
<b>Deferred tax assets / (liabilities), net</b>	<b>915</b>	<b>(149)</b>	<b>449</b>	<b>12</b>	<b>1,227</b>

For the year ended 31 March 2019	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
<b>Deferred tax asset</b>					
MAT credit entitlement	1,081	44	-	-	1,125
Defined benefit obligations	76	12	11	-	99
Others	27	(5)	-	-	22
<b>Gross deferred tax assets</b>	<b>1,184</b>	<b>51</b>	<b>11</b>	<b>-</b>	<b>1,246</b>
<b>Deferred tax liability</b>					
Derivatives, net	185	-	(151)	-	34
Property, plant and equipment, investment property and intangible assets, net	256	41	-	-	297
Others	19	(19)	-	-	-
<b>Gross deferred tax liability</b>	<b>460</b>	<b>22</b>	<b>(151)</b>	<b>-</b>	<b>331</b>
<b>Deferred tax assets / (liabilities), net</b>	<b>724</b>	<b>29</b>	<b>162</b>	<b>-</b>	<b>915</b>

## 31. Contingent liabilities and commitments

(to the extent not provided for)

	31 March 2020	31 March 2019
<b>(i) Contingent liabilities</b>		
<b>(a) Claims against the Company not acknowledged as debt</b>	<b>4,245</b>	<b>3,357</b>
The above includes:		
(I) Income tax matters relating to financial year 2002 -03 to 2016 - 17 (31 March 2019 : financial year 2002 - 03 to 2015 - 16)	4,221	3,330
(II) Indirect tax matters	24	27
(III) In light of recent judgment of Honourable Supreme Court dated 28th February 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Company's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence It is unclear as to whether the clarified definition of Basic Wage would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability.		
Including the matters disclosed above, the Group is involved in taxation matters that arise from time to time in the ordinary course of business. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, if any, the Company believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters. Management is of the view that above matters will not have any material adverse effect on the Group's financial position and results of operations.		
<b>(b) Guarantees</b>		
Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	2	2
The necessary terms and conditions have been complied with and no liabilities have arisen.		
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	2,213	3,732

### 32. (a) Interest in other entities

#### Subsidiary

The Group's subsidiary as at 31 March 2020 is set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the Group, and proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest held by the group		Ownership interest held by the non-controlling interest		Principal activities
		31 March 2020 %	31 March 2019 %	31 March 2020 %	31 March 2019 %	
Syngene USA Inc.	United States	100	100	-	-	Business support and marketing for research services

(b) Additional information, as required under Schedule III of the Act, of enterprises consolidated as subsidiary

Name of entity	Net assets as at 31 March 2020		Share in profit or loss for the year ended 31 March 2020		Share in other comprehensive income for the year ended 31 March 2020		Share in total comprehensive income for the year ended 31 March 2020	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated other comprehensive income	Amount
<b>Holding Company</b>								
Syngene International Limited	100%	21,741	100%	4,115	100%	(1,916)	100%	2,199
<b>Subsidiary</b>								
Syngene USA Inc.	-	17	-	6	-	-	-	6
Non-controlling interest	-	-	-	-	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>21,758</b>	<b>100%</b>	<b>4,121</b>	<b>100%</b>	<b>(1,916)</b>	<b>100%</b>	<b>2,205</b>

Name of entity	Net assets as at 31 March 2019		Share in profit or loss for the year ended 31 March 2019		Share in other comprehensive income for the year ended 31 March 2019		Share in total comprehensive income for the year ended 31 March 2019	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated other comprehensive income	Amount
<b>Holding Company</b>								
Syngene International Limited	100%	19,672	100%	3,307	100%	(702)	100%	2,605
<b>Subsidiary</b>								
Syngene USA Inc.	-	12	-	9	-	-	-	9
Non-controlling interest	-	-	-	-	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>19,684</b>	<b>100%</b>	<b>3,316</b>	<b>100%</b>	<b>(702)</b>	<b>100%</b>	<b>2,614</b>

### 33. Segmental Information

#### Operating segments

The Group is engaged in a single operating segment of providing contract research and manufacturing services. Accordingly, there are no additional disclosures to be provided Ind AS 108 'Operating Segments' other than those already provided in the financial statements.

#### Geographical information

The geographical information analyses the Group's revenues and non-current assets by the Group's country of domicile (i.e. India) and other countries. In presenting the geographical information, revenue has been based on the geographic location of the customers and assets which have been based on the geographical location of the assets.

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Revenue from operations:</b>		
India	1,643	1,843
United States of America	14,776	12,880
Rest of the World	3,700	3,533
<b>Total</b>	<b>20,119</b>	<b>18,256</b>

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

	31 March 2020	31 March 2019
<b>Carrying amount of non-current assets</b>		
India	23,493	17,594
Outside India	-	-
<b>Total</b>	<b>23,493</b>	<b>17,594</b>

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

#### Major customer

Revenue from two customers (31 March 2019 - two customer) of the Group's Revenue from operations aggregates to Rs. 6,482 (31 March 2019 - Rs.6,293) which is more than 10 percent of the Group's total revenue.

### 34. Share based compensation

#### Syngene ESOP Plan

On 20 July 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of the Company and administrated by the Nomination and Remuneration Committee. The Board of Directors approved the employee stock option plan of the Company. On 31 October 2012, the Trust subscribed into the equity shares of the Company using the proceeds from interest free loan of Rs. 150 million obtained from the Company.

#### Grant

Pursuant to the Scheme, the Company has granted options to eligible employees of the Company under Syngene Employee Stock Option Plan - 2011. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 35% and 40% of the total grant at end of second, third and fourth year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs. 11.25 # [31 March 2019 : Rs. 22.5] per share (Face Value of Rs. 10 per share). The cost for the year has been accounted in the statement of profit and loss is Rs. 181 million [31 March 2019 : Rs. 93 million].

## Details of Grant

Particulars	31 March 2020 No. of options #	31 March 2019 No. of options
Outstanding at the beginning of the year	2,693,576	2,235,222
Granted during the year	71,1613	19,1668
Forfeited during the year	(103,038)	(52,139)
Exercised during the year	(612,577)	(1,027,963)
Outstanding at the end of the year	2,689,574	1,346,788
Exercisable at the end of the year	695,090	360,102
Weighted average exercise price	11.25	22.5
Weighted average fair value of shares granted during the year under Black Scholes Model (In Rs)	312.6	556.5
Weighted average share price at the date of exercise (In Rs)	295.8	578.7

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2020 is 1.63 years [31 March 2019 - 1.85 years ].

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

Particulars	31 March 2020	31 March 2019
Dividend yield (%)	0.2%	0.2%
Exercise Price (In Rs)	11.25	22.5
Volatility	27.3%	30.5%
Life of the options granted (vesting and exercise period) [in years]	6.15	6.15
Average risk-free interest rate	7.0%	7.9%

# The number of equity shares outstanding for the previous year is adjusted for the event of increase as a result of bonus issue.

## Syngene Restricted Stock Unit Long Term Incentive Plan 2020

The Board of Directors of the Company on 24 April 2019 and the Shareholders of the Company in the Annual General Meeting held on 24 July 2019 approved the Syngene Restricted Stock Unit Long Term Incentive Plan 2020. Each option entitles for one equity share. The options under this grant will vest to the employees as 20%, 20%, 30% and 30% of the total grant at the end of first, second, third and fourth year from the date of first grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs. 10/- per share (Face Value of Rs. 10/- per share). No stock options were granted during the year ended 31 March 2020 under this plan.

## 35. Leases

The Group has entered into lease agreements for use of land, buildings, plant and equipment and vehicles which expires over a period ranging upto the year of 2039. Gross payments for the year aggregate to Rs. 109.

Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" on all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-use assets (ROU) of Rs. 350 million and a lease liability of Rs. 381 million. The cumulative effect of applying the standard resulted in Rs. 65 million being debited to retained earnings, net of taxes. The effect of this adoption did not have a material impact on profit before tax, profit for the period and the earnings per share. Ind AS 116 will result in an increase in cash flows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the movement in lease liabilities during the year ended 31 March 2020:

Particulars	Land	Buildings	Vehicles	Total
Balance at the beginning	-	160	-	160
Additions on account of adoption of Ind AS 116	122	227	32	381
Additions during the year	-	366	9	375
Finance cost accrued during the period	10	53	3	66
Deletions	-	-	-	-
Payment of lease liabilities	(42)	(57)	(10)	(109)
<b>Balance at the end</b>	<b>90</b>	<b>749</b>	<b>34</b>	<b>873</b>

The following is the break-up of current and non-current lease liabilities as at 31 March 2020:

Current	61
Non-current	812
<b>Total</b>	<b>873</b>

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Less than one year	138
One to five years	488
More than five years	968
<b>Total</b>	<b>1,594</b>

The following are the amounts recognised in the statement of profit or loss for the year ended 31 March 2020:

Depreciation expenses on right of use-assets	81
Interest expenses on lease liabilities	66
<b>Total</b>	<b>147</b>

### 36. Exceptional item

Pursuant to a fire incident on 12 December 2016, certain fixed assets, inventory and other contents in one of the buildings were damaged. The Company lodged an estimate of loss with the insurance company and the survey is currently ongoing. The Company has recorded a loss of Rs. 1,057 million arising from such incident till 31 March 2020. The Company has received the disbursements of Rs. 1,770 million (31 March 2019: Rs. 815) from the insurance company against the loss till 31 March 2020. The aforementioned receivable and the disbursements from the insurance claim has been presented on a net basis as Rs. 713 million under Exceptional items in these consolidated financial statements. Consequential tax of Rs. 254 million is included within tax expense in these consolidated financial statement.

In addition, the Company is in the process of determining its final claim for loss of fixed assets and Business Interruption and has accordingly not recorded any further claim arising therefrom at this stage.

### 37. Impact of COVID-19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption.

The Group has considered internal and external information while finalizing various estimates in relation to its financial statement captions upto the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Group will continue to closely monitor any material changes to future economic conditions.

### 38. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

	31 March 2020	31 March 2019
(a) Amount required to be spent by the Company during the year	74	63
(b) Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	74	63

### 39. Earnings per equity share (EPS)

	31 March 2020	31 March 2019
<b>Earnings</b>		
Profit for the year	4,121	3,316
<b>Shares</b>		
Basic outstanding shares	400,000,000	400,000,000
Less: Weighted average shares held with the ESOP Trust	(2,888,961)	(4,498,742)
<b>Weighted average shares used for computing basic EPS</b>	<b>397,111,039</b>	<b>395,501,258</b>
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	1,041,836	1,226,156
<b>Weighted average shares used for computing diluted EPS</b>	<b>398,152,875</b>	<b>396,727,414</b>
<b>Earnings per equity share</b>		
Basic (in Rs.)	10.38	8.39
Diluted (in Rs.)	10.35	8.36

The number of equity shares outstanding and the earnings per equity share for the previous year is adjusted for the event of increase as a result of bonus issue in accordance with Ind AS 33 - Earnings Per Share. Also refer Note 12(a)(vi).

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

The disclosures regarding details of SBNs held and transacted during 8 November 2016 to 30 December 2016 has not been made in these consolidated financial statements since the requirement does not pertain to financial year ended 31 March 2020 and 31 March 2019.

### 41. Prior year's comparatives

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's classification.

As per our report of even date attached  
for **B S R & Co. LLP**

Chartered Accountants

Firm Registration No: 101248W/W-100022

**Sampad Guha Thakurta**

Partner

Membership No. 060573

Bengaluru

12 May 2020

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

**Kiran Mazumdar-Shaw**

Chairperson

DIN: 00347229

**Sibaji Biswas**

Chief Financial Officer

Bengaluru

12 May 2020

**Jonathan Hunt**

Managing Director and Chief Executive Officer

DIN: 07774619

**Priyadarshini Mahapatra**

Company Secretary

ACS Number: F8786

# Notice

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting ("AGM") of Syngene International Limited will be held on Wednesday, July 22, 2020 at 4:00 P.M. IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business:

## Ordinary Business:

### Item No. 1: Adoption of financial statements

To consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon.

### Item No. 2: To approve the appointment of John Shaw (DIN:00347250) as director liable to retire by rotation

To appoint a Director in place of John Shaw (DIN:00347250), a Non-Executive Director, who retires by rotation and being eligible, offers himself for re-appointment.

## Special Business:

### Item No. 3: To approve the appointment of Kiran Mazumdar Shaw (DIN: 00347229) as Director liable to retire by rotation

To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 ("the Act") read with the relevant Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to the provisions of the Articles of Association of the Company, Kiran Mazumdar Shaw (DIN : 00347229), who was appointed by the Board of Directors as an Additional Director of the Company with effect from April 01, 2020 to hold office up to the conclusion of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of Director, being eligible, be and is hereby appointed as a Director (Non-Executive Chairperson) of the Company, liable to retire by rotation;

**RESOLVED FURTHER THAT** any one of the Directors 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 Kiran Mazumdar Shaw (DIN : 00347229) as a Non-Executive Director on the Board of the Company."

### Item No. 4. To approve the re-appointment of Dr Vijay Kumar Kuchroo (DIN: 07071727) as an Independent Director of the Company.

To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Sections 149, 152, 160 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force), read with Schedule IV of the Act and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr Vijay Kumar Kuchroo (DIN: 07071727), who holds office of Independent Director up to conclusion of this Annual General Meeting and who is eligible for being re-appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a Member under Section 160 (1) of the Companies Act, 2013 proposing his candidature for the office of Director be and is hereby re-appointed as an Independent Director, not liable to retire by rotation, for a second term of five consecutive years commencing from the conclusion of this Annual General Meeting till the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company proposed to be held in 2025;

**RESOLVED FURTHER THAT** any one of the Directors or the 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 re-appointment of Dr Vijay Kumar Kuchroo (DIN: 07071727) as an Independent Director on the Board of the Company."

### Item No. 5. To approve the re-appointment of Vinita Bali (DIN: 00032940) as an Independent Director of the Company.

To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Sections 149, 152, 160 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force), read with Schedule IV of the Act and the provisions of

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Vinita Bali (DIN: 00032940), who holds office of Independent Director up to conclusion of this Annual General Meeting and who is eligible for being re-appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a Member under Section 160 (1) of the Companies Act, 2013 proposing her candidature for the office of Director be and is hereby re-appointed as an Independent Director, not liable to retire by rotation, for a second term of five consecutive years commencing from the conclusion of this Annual General Meeting till the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company proposed to be held in 2025;

**RESOLVED FURTHER THAT** any one of the Directors or the 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 re-appointment of Vinita Bali (DIN: 00032940) as an Independent Director on the Board of the Company."

**Item No. 6. To approve the appointment of Sharmila Abhay Karve (DIN: 05018751) as an Independent Director of the Company**

To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 ("the Act") read with the relevant Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to the provisions of the Articles of Association of the Company, Sharmila Abhay Karve (DIN : 05018751), who was appointed by the Board of Directors as an Additional Director in the capacity of an Independent Director of the Company with effect from August 01, 2019 to hold office up to the conclusion of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of Director, being eligible, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, from August 01, 2019 till the conclusion of the 29<sup>th</sup> Annual General Meeting of the Company proposed to be held in 2022;

**RESOLVED FURTHER THAT** any one of the Directors or the 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 Sharmila Abhay Karve (DIN : 05018751) as an Independent Director on the Board of the Company."

**Item No. 7. To approve the appointment of Dr Carl Peter Decicco (DIN: 08576667) as an Independent Director of the Company.**

To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 ("the Act") read with the relevant Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to the provisions of the Articles of Association of the Company, Dr Carl Peter Decicco (DIN : 08576667), who was appointed by the Board of Directors as an Additional Director in the capacity of an Independent Director of the Company with effect from October 01, 2019 to hold office up to the conclusion of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, being eligible, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, from October 01, 2019 till the conclusion of the 29<sup>th</sup> Annual General Meeting of the Company proposed to be held in 2022;

**RESOLVED FURTHER THAT** any one of the Directors or the 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 Carl Peter Decicco (DIN : 08576667) as an Independent Director on the Board of the Company."

**Item No. 8. To approve the appointment and remuneration of Jonathan Hunt (DIN: 07774619) as Managing Director and Chief Executive Officer of the Company.**

To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 (the 'Act') and rules made thereunder, (including any statutory modification(s) or amendment(s) thereto, or re-enactment(s) thereof, for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to the provisions of the Articles of Association of the Company, approval of the Members of the Company, be and is hereby accorded for appointment of Jonathan Hunt (DIN: 07774619) as the Managing Director and Chief Executive Officer ('MD & CEO') and Key Managerial Personnel of the

Company, not liable to retire by rotation, on such terms and conditions including remuneration as mentioned below:

### **I. Period of Appointment**

For a period of five years commencing from April 1, 2020.

### **II. Remuneration**

#### **• Annual Base Pay:**

Indian rupee equivalent to GBP 5,50,000 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 and Remuneration Committee and approved by the Board.

#### **• Long-term Incentive / 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 and 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 the primary place of residence of Jonathan Hunt is United Kingdom, he will be required to undertake such travel as deemed necessary to fulfill obligations of his 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 and Internet charges on actual basis.

#### **• Personal Accident Insurance Coverage:**

As per the Company policy.

#### **• Mediclaim/ 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 deem 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. Mr. 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** in his capacity as Managing Director and Chief Executive Officer, Jonathan Hunt is entitled to exercise all powers as are exercisable by the Managing Director and Chief Executive Officer of the Company as permissible under the provisions of the Act, and any other statutes in order to manage the affairs of the Company.

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

**RESOLVED FURTHER THAT** any one of the Directors or the 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 the Managing Director and Chief Executive Officer on the Board of the Company.”

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

Place: Bengaluru  
Date: May 12, 2020

**Priyadarshini Mahapatra**  
Company Secretary

#### **Registered Office:**

Biocon SEZ, Biocon Park, Plot No. 2 & 3,  
Bommasandra Industrial Area, IV Phase, Jigani Link Road,  
Bengaluru – 560 099 Karnataka  
CIN: L85110KA1993PLC014937  
Email ID: [investor@syngeneintl.com](mailto:investor@syngeneintl.com)  
Ph. No.: 080 6891 5000  
Website: [www.syngeneintl.com](http://www.syngeneintl.com)

**Notes:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 20/2020 dated May 05, 2020 read with Circular No. 15/2020 dated April 8, 2020 and Circular No. 17/2020 dated April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM herein after called as "AGM". The deemed venue for the meeting shall be Biocon Campus, 20th K.M. Hosur Road, Hebbagodi, Bengaluru, Karnataka 561229, India.
2. Company has appointed M/s KFin Technologies Private Limited, Registrars and Share Transfer Agents, to provide VC/OAVM facility for the Annual General Meeting of the Company.
3. The helpline number regarding any query/assistance for participation in the AGM through VC/OAVM is 1800 345 4001 (toll free).
4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of their Board or governing body Resolution/Authorization etc., authorizing their representative to attend the AGM through VC / OAVM on their behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through the registered email address of the Institutional / Corporate Shareholders at email [sree@sreedharancs.com](mailto:sree@sreedharancs.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com) and [investor@syngeneintl.com](mailto:investor@syngeneintl.com). The scanned image of the above-mentioned documents should be in the naming format "Corporate Name Event No." The documents should reach the Scrutinizer on or before 17:00 hours on July 21, 2020.
6. The facility for joining AGM through VC/OVAM will be available for up to 1,000 Members and members may join on first come first served basis. However, the above restriction shall not be applicable to members holding more than 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel(s), the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Scrutinizers etc. Members can login and join 15 (fifteen) minutes prior to the scheduled time of meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the scheduled time.
7. The attendance of the Members (i.e., members login) at the AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
8. The relevant details pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/ re-appointment at this AGM are annexed. The Directors have furnished consent/declarations for their appointment/re-appointment as required under Act and rules made thereunder.
9. Only bona fide members of the Company whose names appear on the Register of Members, will be permitted to attend the meeting through VC/OAVM. The Company reserves its right to take all necessary steps as may be deemed necessary to restrict non-members from attending the meeting.
10. 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.
11. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Act will be available for inspection by the Members in electronic mode during the AGM. Members who wish to inspect, may send their request through an email at [investor@syngeneintl.com](mailto:investor@syngeneintl.com) up to the date of the AGM.
12. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company/Electronic mode during normal business hours (8:15 am to 5:15 pm) on all working days except Saturdays and Sundays, up to and including the date of the AGM of the Company. Members who wish to seek inspect, may send their request through an email at [investor@syngeneintl.com](mailto:investor@syngeneintl.com) up to the date of AGM.
13. The Explanatory Statement pursuant to Section 102(1) of the Act, which sets out details relating to Special Business at the meeting, is annexed hereto.

14. M/s B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company at the 23<sup>rd</sup> Annual General Meeting held on June 30, 2016. Pursuant to Notification issued by the Ministry of Corporate Affairs on 7<sup>th</sup> May, 2018 amending section 139 of the Act and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting ("AGM") has been omitted. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at this AGM.
15. Shareholders holding shares in Electronic (demat) form are advised to inform the particulars of their bank account, change of postal address and email addresses to their respective Depository Participants only. The Company or its Registrar and Share Transfer Agent i.e. KFin Technologies Private Limited, ("Formerly known as Karvy Fintech Private Limited") (KFinTech) cannot act on any request received directly from the shareholders holding shares in demat mode for changes in any bank mandates or other particulars.
16. Shareholders holding shares in physical form are advised to inform the particulars of their bank account, change of postal address and email ids to KFin Technologies Private Limited (Unit: Syngene International Limited), Plot 31-32, Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 or the Secretarial Department of the Company at the registered office address.
17. Shareholders holding shares in Electronic (demat) form or in physical mode are requested to quote their DPID & Client ID or Folio details respectively in all correspondences, including dividend matters to the Registrar and Share Transfer Agent, KFin Technologies Private Limited (Unit: Syngene International Limited), Plot 31-32, Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 or the Secretarial Department of the Company.
18. Shareholders holding shares in Electronic (demat) form and who have not registered their email address so far with their depository participants are requested to register their email address with their depository participants to receive all communications including annual report, notices etc., in electronic mode from the Company.
19. 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 KFinTech at [suresh.d@kfintech.com](mailto:suresh.d@kfintech.com) to receive all communications including annual report, notices etc., in electronic mode from the Company.
20. As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can only be transferred in demat form with effect from April 1, 2019, except in case of request for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holding to demat form. Members can contact the Company or KFinTech for assistance in this regard.
21. The Members had approved the Restricted Stock Unit (RSU) Long Term Incentive Plan FY 2020 at the 26<sup>th</sup> Annual General Meeting of the Company held on July 24, 2019. It is clarified that as per the Plan, the Exercise period for the vested RSUs will be 3 (three) years from the date of respective vesting or time period as set forth in the Grant Letter {not exceeding 10(ten) years from the date of respective vesting}. Members are requested to note that the words mentioned in the brackets ie. "{not exceeding 10(ten) years from the date of respective vesting}" had been inadvertently omitted in the Explanatory Statement to the 26<sup>th</sup> AGM Notice due to oversight.
22. Pursuant to the changes introduced by the Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividends paid to shareholders at the prescribed rates. The shareholders are requested to update their PAN with the Company/ KFinTech (in case of shares held in physical mode) and depositories (in case of shares held in demat mode). SEBI has also mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market.
23. The rate of withholding tax is 7.5% for a Resident shareholder having a PAN. A Resident individual shareholder with PAN, who is not liable to pay income tax can submit a yearly declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and older), fulfilling certain conditions, to avail the benefit of non-deduction of tax at source by email to the Company at [investor@syngeneintl.com](mailto:investor@syngeneintl.com) or to KFinTech at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). Shareholders are requested to note that if their PAN is not registered, the tax on dividends will be deducted at a higher rate of 20%. Notwithstanding the above, tax would not be deducted on payment of dividends to a resident individual shareholder, if the total dividend to be paid in FY 2020-21 does not exceed Rs. 5,000.
24. The rate of withholding tax is 20% (plus applicable surcharge and cess) for a non-resident shareholder. Non-resident shareholders can avail beneficial rates under the tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, or any other document which may be required to avail the tax treaty benefits by sending an email to the Company at

[investor@syngeneintl.com](mailto:investor@syngeneintl.com) or to KFinTech at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). Application of a beneficial Tax Treaty Rate will depend upon the completeness of the documents submitted by the Non-Resident shareholder and satisfactory review by the Company.

25. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
26. Pursuant to Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide the facility of remote e-voting to all the shareholders as per applicable Regulations relating to e-voting. The complete instructions on the e-voting facility provided by the Company is annexed to this Notice, explaining the process of e-voting with the necessary user ID and password along with procedure for such e-voting. The remote e-voting facility is in addition to voting that will take place at the meeting venue on July 22, 2020.
27. Company has fixed the cut-off date as July 15, 2020 for determining the eligibility of shareholders entitled to vote at the AGM. The remote e-voting shall remain open for a period of 5 days commencing from Friday, July 17, 2020 (9:00 hours) to Tuesday, July 21, 2020 (17:00 hours) (both days inclusive). The e-voting module shall be disabled for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
28. Shareholders are requested to note that as per Section 124(5) of the Act, the dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account, is liable to be transferred by the Company to the "Investor Education Protection Fund" (IEPF) established by the Central Government under the provisions of Section 125 of the Act.
29. Shareholders are requested to note that as per section 124(6) of the Act, all Shares in respect of which Dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the IEPF.
30. **Procedure for obtaining the Annual Report, AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the depositories or with RTA:**

In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members

may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.syngeneintl.com](http://www.syngeneintl.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of KFinTech at <https://evoting.karvy.com>

Therefore, those shareholders who have not yet registered their email address are requested to get their email addresses registered by following the procedure:

- (i) Shareholders who have not registered their e-mail address and in consequence the Annual Report, Notice of AGM and e-voting instructions could not be serviced, may temporarily get their email address and mobile number registered with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, by clicking the link: [https://ris.kfintech.com/email\\_registration/](https://ris.kfintech.com/email_registration/) for sending the same. Shareholders are requested to follow the process as provided in the link to capture the email address and mobile number for receiving the soft copy of the notice and e-voting instructions along with the User ID and Password to attend the AGM. In case of any queries, shareholders may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
  - (ii) Alternatively members may send an e-mail request at the email id [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with scanned copy of the signed request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for receiving the Annual report, Notice of AGM and the e-voting instructions.
  - (iii) Those shareholders who have registered but wish to change or update their e-mail address and mobile number including address and bank details may please contact and validate/update their details with the Depository Participant in case of shares held in electronic form and with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited in case the shares are held in physical form.
31. The process and manner for participating in the AGM through Video Conference:
    - (i) Members will be provided with a facility to attend the AGM through video conferencing platform provided by M/s KFin Technologies Private Limited. Members may access the same at <https://emeetings.kfintech.com> and click on the "video conference" and access shareholders/members login by using the remote e-voting credentials. The link for AGM will be available in shareholder / members login where the EVENT and the name of the company can be selected.

- (ii) Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the instructions mentioned in the "Other instructions" given later in the notice.
- (iii) Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches and Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
- (iv) Further, Members will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.
- (v) Members who may want to express their views or ask questions at the AGM may visit <https://emeetings.kfintech.com> and click on the tab "Post Your Queries Here" to post their queries in the window provided, by mentioning their name, demat account number/ folio number, email ID and mobile number. Please note that, members' questions will be answered only if the member continues to hold the shares as on the cut-off date i.e. July 15, 2020. The window shall remain active during the remote e-voting period and shall be closed 24 hours before the time fixed for the AGM.
- (vi) Members may register themselves as speakers for the AGM to pose their queries. Accordingly, the Members may visit <https://emeetings.kfintech.com> and click on 'Speaker Registration' during the remote e-voting period. Members shall be provided a 'queue number' before the AGM. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time at the AGM.
- (vii) Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC platform. Members may click on the voting icon ('vote now') on the left side of the screen to cast their votes.
- (viii) Members who may require any technical assistance or support before or during the AGM are requested to contact KFin Technologies Private Limited at toll free number 1800-345-4001 or write at [evoting@kfintech.com](mailto:evoting@kfintech.com).

## Instructions for E-Voting & Instapoll

1. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Rules, 2015 and as per Regulation 44 of the SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 ("SEBI Listing Regulations") the Company is providing e-voting facility through KFin Technologies Private Limited ("KFinTech") 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 KFinTech [for Members whose email IDs are registered with the Company/ Depository Participants (s)] please follow the below instructions:
    - i. Visit the e-Voting website of KFinTech. Open web browser by typing the following URL: <https://evoting.karvy.com/>.
    - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, the User ID will be EVEN (E-Voting Event Number) followed by the folio number. In case of Demat account, the User ID will be your DP ID and Client ID. However, if you are already registered with KFinTech 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 the password change Menu wherein you are required to mandatorily change your password. The new password should comprise a minimum of 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 option.

- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat account.
- ix. Voting has to be done for each item of the notice separately. If you do not want to cast your vote on any specific item, it will be treated as an abstention.
- x. You may 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 until they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send a scanned, certified copy (PDF Format) of the Board Resolution/Authority Letter etc., together with an attested specimen signature(s) of the authorised representative(s), to the Scrutinizer at email [sree@sreedharancs.com](mailto:sree@sreedharancs.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com) and [investor@syngeneintl.com](mailto:investor@syngeneintl.com). The scanned image of the above-mentioned documents should be in the naming format "Corporate Name Event No." The documents should reach the Scrutinizer on or before 17:00 hours on July 21, 2020.

- (B) In case of Members who have not registered their e-mail address (including Members holding shares in physical form), please follow the steps for registration of e-mail address and obtaining User ID and Password for e-voting as mentioned in point No. 30 of the Notes and para (e) under the "Other Instructions" section below.

(C) Voting at the Annual General Meeting:

- i. The 'Vote Now Thumb sign' on the left hand corner of the video screen shall be activated upon instructions of the chairperson during the AGM proceedings. Members shall click on the same to take them to the "Insta-poll" page and Members shall click on the "Insta-poll" icon to reach the resolution page and follow the instructions to vote on the resolutions.
- ii. Those Members who are present in the Meeting through VC and have not cast their vote on resolutions through remote e-voting, can vote through Insta-poll 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 at the Meeting

The Company has appointed Mr. V Sreedharan, Practicing Company Secretary, Senior Partner of M/s V Sreedharan & Associates, Company Secretaries, Bengaluru (FCS 2347; CP 833) and in his absence Mr. Pradeep B Kulkarni, Practicing Company Secretary, Bengaluru (FCS 7260; CP 7835) or Mrs. Devika Satyanarayana, Practicing Company Secretary, Bengaluru (ACS 16617; CP 17024) as Scrutinizer to scrutinize the e-voting process in fair and transparent manner.

The scrutinizer shall immediately after the conclusion of voting at the AGM, count the votes and shall submit a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, within a period not exceeding three working days from the conclusion of the voting to the Chairperson of the Company or a person authorised by her in writing who shall countersign the same.

The Chairperson or a person authorised by her in writing shall declare the result of voting forthwith.

The results of the e-voting along with the scrutinizer's report shall be communicated immediately to 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 KFintech at <https://evoting.karvy.com> immediately after the result declared by the chairman 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> (KFintech Website) or contact Mr. Suresh Babu, (Unit: Syngene International Limited) of KFIN Technologies Private Limited, Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or [evoting@kfintech.com](mailto:evoting@kfintech.com) or phone no. 040 – 6716 1517 or call KFIN's toll free No. 1-800-34- 54-001 for any further clarifications.
- b. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on Friday, July 17, 2020 (9:00 hours) and ends on Tuesday, July 21, 2020 (17:00 hours). During this period, Members of the Company holding shares either in physical form or in dematerialized form on the cut-off date of July 15, 2020, may cast their votes electronically. A person who is not a shareholder on the cut-off date should treat this Notice for information purposes only. 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 each 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 15, 2020.
- e. If 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 15, 2020, he/ she may obtain the User ID and Password in the manner outlined 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 the e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, 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 KFintech's toll free number 1800-3454-001 for any assistance.
  - iv. Member may send an e-mail request to [evoting@kfintech.com](mailto:evoting@kfintech.com). However, KFintech shall endeavor to send a User ID and Password to those new Members whose mail IDs are available.

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

### Item No. 3: Appointment of Kiran Mazumdar Shaw (DIN: 00347229) as Director of the Company liable to retire by rotation

Kiran Mazumdar Shaw was appointed as a Director of the Company on November 18, 1993 and subsequently on December 14, 2011 was designated as the Managing Director. She is also the Chairperson of the Company. As the Company features among the top 500 listed entities (in terms of market capitalisation), as per the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Chairperson of the Company shall eventually have to be a non-executive director on the Board with effect from April 01, 2022. In view of the above, Kiran Mazumdar Shaw transitioned into the position of Non-Executive Director of the Company and Mr. Jonathan Hunt was appointed as the Managing Director and Chief Executive Officer of the Company with effect from April 01, 2020. It was noted that as per article 64 of the Articles of Association of the Company, consequent upon her ceasing to be the Managing Director of the Company on March 31, 2020, Kiran Mazumdar Shaw would ipso facto cease to be a Director of the Company. In order to ensure her continuance as a Director, the Board on the recommendation of the Nomination and Remuneration Committee considered her appointment as an Additional Director (Non-Executive Chairperson), w.e.f., April 1, 2020, pursuant to the provisions of Section 161 and other applicable provisions of the Act.

Kiran Mazumdar Shaw holds office up to the date of this Annual General Meeting and is eligible for appointment as a Director of the Company. In terms of Section 160 (1) of the Act, the Company has received a notice in writing from a Member signifying his intention to propose the candidature of Kiran Mazumdar Shaw for the office of Director.

Kiran Mazumdar Shaw has furnished necessary consent/ declarations for her appointment as required under the Act and the Rules made thereunder. She is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI) or any other authority.

The profile and specific areas of expertise of Kiran Mazumdar Shaw are provided in annexure to this Notice. In compliance with the General circular number 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

Except Kiran Mazumdar Shaw, John Shaw and Prof. Catherine Rosenberg and their relatives, none of the Directors, Key Managerial Personnel or their respective relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board of Directors recommend the appointment of Kiran Mazumdar Shaw as Director as set forth in Item No. 3 of this Notice, for approval by the Members of the Company.

**Item Nos.4 & 5: Re-appointment of Dr Vijay Kumar Kuchroo (DIN: 07071727) and Vinita Bali (DIN: 00032940) as Independent Directors of the Company.**

Dr Vijay Kumar Kuchroo was appointed as an Additional Director in the capacity of Independent Director w.e.f. March 01, 2017. Subsequently, the shareholders at their Annual General Meeting ("AGM") held on July 28, 2017 had approved the appointment of Dr Vijay Kumar Kuchroo as an Independent Director, for a tenure of three years, until the conclusion of 27<sup>th</sup> AGM proposed to be held in the year 2020. The tenure of Dr Vijay Kumar Kuchroo is therefore coming to an end at the conclusion of this AGM.

Further, Vinita Bali was appointed as an Additional Director in the capacity of Independent Director w.e.f. July 31, 2017. Subsequently, the shareholders at their AGM held on July 25, 2018 had approved the appointment of Vinita Bali as an Independent Director, for a tenure of three years, until the conclusion of 27<sup>th</sup> AGM proposed to be held in the year 2020. The tenure of Vinita Bali is also coming to an end at the conclusion of this AGM.

As per Section 149(10) and (11) of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company, and shall be eligible for reappointment upon passing of a special resolution by the Company and disclosure of this re-appointment in the Board's report.

The Nomination and Remuneration Committee at its Meeting held on 11<sup>th</sup> May, 2020 on the basis of performance evaluation of Independent Directors and taking into account the external business environment, the business knowledge, acumen, experience and the substantial contribution made by Dr Vijay Kumar Kuchroo and Vinita Bali during their tenure, has recommended to the Board that continued association of Dr Vijay Kumar Kuchroo and Vinita Bali as Independent Directors of the Company would be beneficial to the Company. Based on the above and the performance evaluation of Independent Directors, the Board recommends the re-appointment of Dr Vijay Kumar Kuchroo (DIN: 07071727) and Vinita Bali (DIN: 00032940), as Independent Directors of the Company, not liable to retire by rotation, to hold office for a second term of five years commencing from the conclusion of this AGM until the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company proposed to be held in 2025.

The Company has also received two separate notices in writing from a Member under Section 160(1) of the Act proposing the candidatures of Dr Vijay Kumar Kuchroo and Vinita Bali for the office of Director.

Dr Vijay Kumar Kuchroo and Vinita Bali are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company

has received declarations from Dr Vijay Kumar Kuchroo and Vinita Bali stating that they meet the criteria of independence as prescribed under sub-section (6) of section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). Dr Vijay Kumar Kuchroo and Vinita Bali are not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI) or any other authority.

In the opinion of the Board, they fulfil the conditions for appointment as Independent Directors, as specified in the Act and the SEBI Listing Regulations and are 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 and the SEBI Listing Regulations, for re-appointment of Dr Vijay Kuchroo and Vinita Bali as Independent Directors of the Company for a second term of five years commencing from the conclusion of this AGM until the conclusion of the 32<sup>nd</sup> AGM proposed to be held in 2025. Dr Vijay Kuchroo and Vinita Bali shall not be liable to retire by rotation.

The profile and specific areas of expertise of Dr Vijay Kuchroo and Vinita Bali are provided in annexure to this notice. A copy of the draft letter of appointment setting out the terms and conditions of appointment of an Independent Director is available for inspection, without any fee, by the shareholders at the Company's registered office in physical or electronic form during normal hours on working days up to the date of the AGM and is also available on the website of the Company at [www.syngeneintl.com](http://www.syngeneintl.com). In compliance with the General circular number 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

Except Dr Vijay Kuchroo and Vinita Bali and their relatives, none of the Directors, Key Managerial Personnel or their respective relatives are in any way, concerned or interested, financially or otherwise, in the said resolutions.

The Board recommends the resolutions set forth in Item No. 4 and 5 for approval of the shareholders as special resolutions.

**Item Nos. 6 & 7: Appointment of Sharmila Abhay Karve (DIN: 05018751) and Dr Carl Peter Decicco (DIN: 08576667) as Independent Directors of the Company.**

Based on the recommendation of the Nomination and Remuneration Committee, Board of Directors has appointed Sharmila Abhay Karve and Dr Carl Peter Decicco as Additional Directors in the capacity of Independent Directors w.e.f. August 01, 2019 and October 01, 2020 respectively to hold office up to the conclusion of this Annual General Meeting of the Company in terms of Section 161 of the Act. It is proposed to appoint Sharmila Abhay Karve and Dr Carl Peter Decicco as Independent Directors not liable to retire by rotation, for a term of three

years from their respective dates of appointment by the Board until the conclusion of the 29<sup>th</sup> Annual General Meeting of the Company proposed to be held in 2022.

The Company has also received two separate notices in writing from a Member under Section 160(1) of the Act proposing the candidatures of Sharmila Abhay Karve and Dr Carl Peter Decicco for the office of Director.

Sharmila Abhay Karve and Dr Carl Peter Decicco are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has received declarations from Sharmila Abhay Karve and Dr Carl Peter Decicco stating that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). Sharmila Abhay Karve and Dr Carl Peter Decicco are not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI) or any other authority.

In the opinion of the Board, they fulfil the conditions for appointment as Independent Directors, as specified in the Act and the SEBI Listing Regulations and are 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 and the SEBI Listing Regulations, for appointment of Sharmila Abhay Karve and Dr Carl Peter Decicco as Independent Directors of the Company for a term commencing from their respective dates of appointment by the Board of Directors on August 01, 2019 and October 01, 2019 respectively until the conclusion of the 29<sup>th</sup> AGM proposed to be held in 2022. Sharmila Abhay Karve and Dr Carl Peter Decicco are not liable to retire by rotation.

The profile and specific areas of expertise of Sharmila Abhay Karve and Dr Carl Peter Decicco are provided in the annexure to this Notice.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of an Independent Director is available for inspection, without any fee, by the shareholders at the Company's registered office in physical or electronic form during normal hours on working days up to the date of the AGM and is also available on the website of the Company at [www.syngeneintl.com](http://www.syngeneintl.com). In compliance with the General circular number 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

Except Sharmila Abhay Karve and Dr Carl Peter Decicco and their relatives, none of the Directors, Key Managerial Personnel or

their respective relatives are in any way, concerned or interested, financially or otherwise, in the said resolutions.

The Board recommends the resolutions set forth in Item No. 6 and 7 for approval of the shareholders as ordinary resolutions.

### **Item No. 8: Appointment and remuneration of Jonathan Hunt (DIN: 07774619) as Managing Director and Chief Executive Officer of the Company.**

Jonathan Hunt was appointed as the Chief Executive Officer of the Company on April 01, 2016 and as the Wholetime Director with effect from May 1, 2017 for a term of five years. With the transition of Kiran Mazumdar Shaw into the role of Non-Executive Director from Managing Director, the Board considered the appointment of Mr. Jonathan Hunt as the Managing Director of the Company along with the post of Chief Executive Officer for a term of five years with effect from April 01, 2020 on the terms and conditions including remuneration as laid down in the resolution subject to such necessary sanctions and approvals as may be applicable. It is proposed to seek Members' approval for the appointment and payment of remuneration to Jonathan Hunt as Managing Director and Chief Executive Officer of the Company, in terms of the applicable provisions of the Act.

In terms of Section 160 of the Act, the Company has received a notice in writing from a Member signifying his intention to propose the candidature of Jonathan Hunt for the office of Director.

Jonathan Hunt has furnished the necessary consent/declarations for his appointment as required under the Act and the Rules made thereunder. He is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI) or any other authority.

This explanatory statement and the resolution at Item No. 8 which outlines the terms and conditions may also be read and treated as disclosure in compliance with the requirement of Section 196 of the Companies Act, 2013. The profile and specific areas of expertise of Jonathan Hunt are provided in the annexure to this notice. In compliance with the General circular number 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

Except Jonathan Hunt and his relatives, none of the Directors, Key Managerial Personnel or their respective relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board of Directors recommend the appointment of Jonathan Hunt as Managing Director and Chief Executive Officer on such terms and conditions as set forth in Item No. 8 of this Notice, for approval by the Members of the Company by passing an ordinary resolution.

## Annexure – Information to Shareholders

(In Pursuance of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of the directors seeking appointment or re-appointment at the forthcoming Annual General Meeting (“AGM”)

### Brief resume of Directors:

#### John Shaw,

*Non-Executive Director*

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

#### Kiran Mazumdar Shaw,

*Non-Executive Chairperson*

Kiran Mazumdar Shaw is a first-generation entrepreneur with over 45 years of experience in the field of biotechnology. She is a recipient of ‘Padma Shri’ and the ‘Padma Bhushan’ awards. She was also conferred with the highest French distinction – Chevalier de l’Ordre National de la Légion D’Honneur (Knight of the Legion of Honour) in 2016. She is ranked #1 in the Business Captains category in Global ‘Medicine Maker Power List’ 2018. She was honoured with Order of Australia, Australia’s highest civilian award and was named EY Entrepreneur of the year for India in 2019. She is also the Chairperson of Biocon Limited, Independent Director on the Board of Infosys, United Breweries Ltd and Narayana Hrudayalaya.

#### Dr Vijay Kuchroo

*Independent Director*

Dr Kuchroo has a doctorate in Pathology from the University of Queensland, Australia. He is also the Samuel L. Wasserstrom Professor of Neurology at the Harvard Medical School, United States, Senior scientist at the Brigham and Women’s Hospital and Institute Member at the Broad Institute of MIT and Harvard. Dr Kuchroo has won many awards for the discovery of TIM-3 “checkpoint” molecules for cancer immunotherapy and Th17 cells in induction of autoimmunity. Dr Kuchroo holds 25 patents and has published over 325 research papers in immunology. He is a Member of the scientific advisory boards of leading pharmaceutical companies including Pfizer, Sanofi and GSK. He founded five different biotech companies including CoStim Pharmaceuticals and Tempero Pharmaceuticals. At Syngene, Dr Vijay Kuchroo is a member of the Nomination and Remuneration Committee and the Corporate Social Responsibility Committee.

#### Vinita Bali

*Independent Director*

Vinita Bali is a global business leader with extensive experience in leading and transforming large companies both in India and overseas. She served as Chief Executive Officer/ MD of Britannia

Industries from 2005 to 2014. Prior to that, she worked with eminent multinationals like The Coca-Cola Company and Cadbury Schweppes Plc in a variety of marketing, general management and chief executive roles in the UK, Nigeria, South Africa, USA and Chile. At present Ms. Bali is a Non-Executive Director on the global boards of Smith & Nephew Plc, Bunge Limited, Cognizant Technology Solutions and CRISIL Ltd in India. At Syngene, Vinita is a member of the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee and the Risk Management Committee.

#### Dr Carl Decicco

*Independent Director*

Dr Carl Peter Decicco, Ph.D., serves as the Chief Scientific Officer in Foghorn Therapeutics. Prior to joining Foghorn Therapeutics in 2018, he served as the Head of Discovery at Bristol-Myers Squibb (BMS). He also serves as a Member of the Advisory Committee at Allied-Bristol Life Sciences, LLC. He completed post-doctoral studies with Professor EJ Corey at Harvard University, was a teaching fellow at the University of British Columbia and obtained his Ph.D. with Professor Gordon Lange in Organic Chemistry from the Guelph-Waterloo Center in Ontario, Canada. At Syngene, he is a member of the Nomination and Remuneration Committee.

#### Sharmila Abhay Karve

*Independent Director*

Sharmila Abhay Karve is a Fellow member of the Institute of Chartered Accountants of India. She retired as audit partner from Price Waterhouse in June 2019. During her tenure in Price Waterhouse, she was an engagement partner with various large and prestigious Indian and multinational clients. She was appointed as the Chief Ethics Officer. In 2009, she was appointed as the Assurance Leader of the firm and was elevated to the role of Assurance Risk & Quality Leader in April 2012. In her last role as Global Diversity Leader since December 2016, Ms. Karve focused her efforts on bringing more diversity throughout the PwC network. At Syngene, Ms. Sharmila Abhay Karve is a member of the Audit Committee and Risk Management Committee and Chairperson of the Stakeholders Relationship Committee.

#### Jonathan Hunt

*Managing Director and Chief Executive Officer*

Jonathan Hunt has an MBA from Durham University, United Kingdom, with over 30 years of experience in the global biopharmaceuticals industry. At Syngene, he is responsible for leading the Company’s business operations and steering its investments in developing and strengthening its capabilities and capacity. Prior to joining Syngene, he held various leadership positions at AstraZeneca for over a decade, including President and Director of AstraZeneca, Austria, and President and Chief Operating Officer (COO), AstraZeneca, India. At Syngene, Jonathan Hunt is a member of the Stakeholders Relationship Committee and the Risk Management Committee.

Name of the Director	John Shaw	Kiran Mazumdar Shaw	Dr Vijay Kuchroo	Vinita Bali	Sharmila Abhay Karve	Dr Carl Peter Decicco	Jonathan Hunt
Category	Non-Executive Director	Non-Executive Chairperson	Independent Director	Independent Director	Independent Director	Independent Director	Managing Director and Chief Executive Officer
DIN	00347250	00347229	07071727	00032940	05018751	08576667	07774619
Date of Birth	12/04/1949	23/03/1953	05/06/1955	11/11/1955	08/04/1965	07/10/1960	05/02/1969
Date of Appointment	24/03/2000	18/11/1993	01/03/2017	31/07/2017	01/08/2019	01/10/2019	01/05/2017
Tenure of Appointment/ Re-appointment	NA	NA	5 years	5 years	3 years	3 years	5 years
Nature of expertise in Specific Functional Areas	Refer Corporate Governance report	Refer Corporate Governance report	Refer Corporate Governance report	Refer Corporate Governance report	Refer Corporate Governance report	Refer Corporate Governance report	Refer Corporate Governance report
Disclosure of relationship with Directors inter-se	Related to Kiran Mazumdar Shaw and Prof. Catherine Rosenberg	Related to John Shaw and Prof. Catherine Rosenberg	None	None	None	None	None
Directorship held in other Listed Companies	Biocon Limited	Biocon Limited, United Breweries Limited, Narayana Hrudayalaya Limited, Infosys Limited	Biocon Limited	CRISIL Limited.	Essel Propack Limited	None	None
Membership of Committee in other Companies, if any	Refer corporate Governance report	Refer corporate Governance report	Refer corporate Governance report	Refer corporate Governance report	Refer corporate Governance report	Refer corporate Governance report	Refer corporate Governance report
Shareholding as on March 31, 2020	Nil	15,276	50,000	Nil	Nil	Nil	Nil

## Glossary

21 CFR Part 11: Code of Federal Regulations that establishes the United States Food and Drug Administration (FDA) regulations on electronic records and electronic signatures (ERES).

Bio analytics: The identification or measurement of substances (such as drugs, metabolites, or proteins) in a biological system (such as blood plasma, urine, or hair).

Biologics: A biologic drug (biologics) is a product that is produced from living organisms or contain components of living organisms. Biologic drugs include a wide variety of products derived from human, animal, or microorganisms by using biotechnology.

CAR-T design: Chimeric antigen receptors (CAR) that have been genetically engineered to produce an artificial T-cell receptor. A patient's T cells (a type of immune system cell) are modified in the laboratory to attack cancer cells.

Computational systems model: Computational techniques aimed at understanding the structure and properties of molecules and materials.

Cytokines: Cytokines are secreted molecules which act on immune cells to coordinate and propagate immune responses within the body.

Cytotoxic: Drug substances that are formulated to manufacture high potency drug products.

Drug metabolism: Biotransformation of pharmaceutical substances in the body so that they can be eliminated more easily.

GEMBA walks: Gemba is a Japanese term that means the 'real place'. Gemba walks denote the action of going to see the actual process, understand the work, ask questions, and learn.

Glycosylation: Glycosylation is an important and highly regulated mechanism of secondary protein processing within cells.

Human Papillomavirus: A type of virus that can cause abnormal tissue growth (for example, warts) and other changes to cells. Infection for a long time with certain types of human papillomavirus can cause cervical cancer.

Immuno oncology assays: The living cell analysis to study the dynamic interactions between cancer cells and immune cells.

In vivo: *In vivo* refers to when research or work is done with or within an entire, living organism

Kaizen: a Japanese business philosophy of continuous improvement of working practices, personal efficiency

Library collection: Creating libraries of compounds for use in biological screening assays for drug discovery

Large molecule: Large molecules are therapeutic proteins also known as biologics.

Mammalian: Relating to mammals.

Monoclonal Antibodies (mAb): Cells derived by cell division from a single ancestral cell.

Pharmacology: Pharmacology is the study of how a drug affects a biological system and how the body responds to the drug.

Pharmacokinetics: The branch of pharmacology concerned with the movement of drugs within the body.

Photochemistry: The branch of chemistry concerned with the chemical effects of light.

Research Informatics: Combination of Bioinformatics and Cheminformatics capabilities.

RT PCR: The reverse transcription–polymerase chain reaction (RT PCR) is a nuclear-derived method for detecting the presence of specific genetic material in any pathogen, including a virus.

Toxicology: Used to characterize the toxicity profile of a drug by identifying its impact on organ structure and / or functionality. This includes assessment of the severity and reversibility of toxicity, as well as dose ranges and their relationship to exposure.

APAC: Asia Pacific region which includes East Asia, South Asia, Southeast Asia and Oceania.

Active Pharmaceutical Ingredient (API): Any substance or combination of substances used in a finished pharmaceutical product (FPP), intended to furnish pharmacological activity or to otherwise have direct effect in the diagnosis, cure, mitigation, treatment or prevention of disease, or to have direct effect in restoring, correcting or modifying physiological functions in human beings.

ANVISA Certification: Brazil's regulatory agency Agencia Nacional de Vigilancia Sanitaria approves bioavailability/bioequivalence assay work performed at certified facilities.

Biotechnology Industry Research Assistance Council (BIRAC): A not-for-profit Section 8, Schedule B, Public Sector Enterprise, set up by Department of Biotechnology (DBT), Government of India as an Interface Agency to strengthen and empower the emerging Biotech enterprise to undertake strategic research and innovation, addressing nationally relevant product development needs.

Contract Research Organisation (CRO): These organisations provide support to the tech, pharmaceutical, biotech and MedTech industries.

cGMP (Current Good Manufacturing Practices): They are regulations enforced by the FDA. The 'c' stands for current. CGMPs ensure safety and quality of the product.

ELISA: An enzyme-linked immunosorbent assay, also called ELISA, is a test that detects and measures antibodies in your blood. This test can be used to determine if you have antibodies related to certain infectious conditions

European Medicines Agency (EMA): A European Union body that fosters scientific excellence in the evaluation and supervision of medicines, for the benefit of public and animal health.

Good Clinical Practice (GCP): GCP is an international quality standard for conducting clinical trials that in some countries is provided by ICH, an international body that defines a set of standards, which governments can then transpose into regulations for clinical trials involving human subjects.

Good Laboratory Practice (GLP): Set of rules and criteria for a quality system concerned with the organisational process and the conditions under which non-clinical health and environmental safety studies are planned, performed, monitored, recorded, reported and archived.

HPLC: High Performance Liquid Chromatography (HPLC) is a form of column chromatography that pumps a sample mixture or analyte in a solvent (known as the mobile phase) at high pressure through a column with chromatographic packing material (stationary phase).

Medicines and Healthcare Products Regulatory Agency (MHRA): The agency regulates medicines, medical devices and blood components for transfusion in the UK.

National GLP Compliance Monitoring Authority (NGCMA): Industries/test/ facilities/laboratories dealing with above chemicals and looking for approval from regulatory authorities before marketing them, may apply to the National GLP Compliance Monitoring Authority for obtaining GLP Certification. It is voluntary by nature.

Next-Generation Sequencing (NGS): A DNA sequencing technology which has revolutionised genomic research.

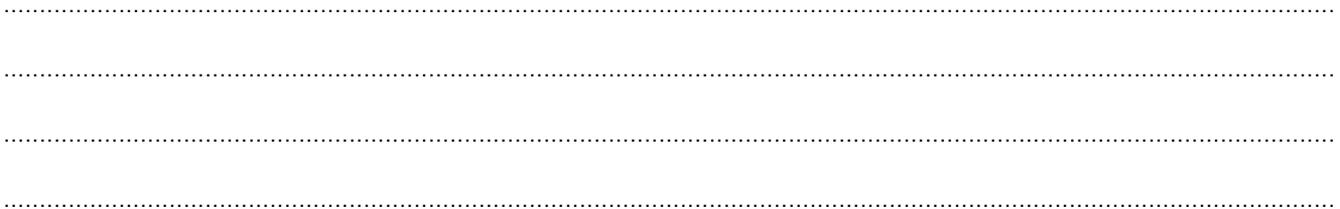
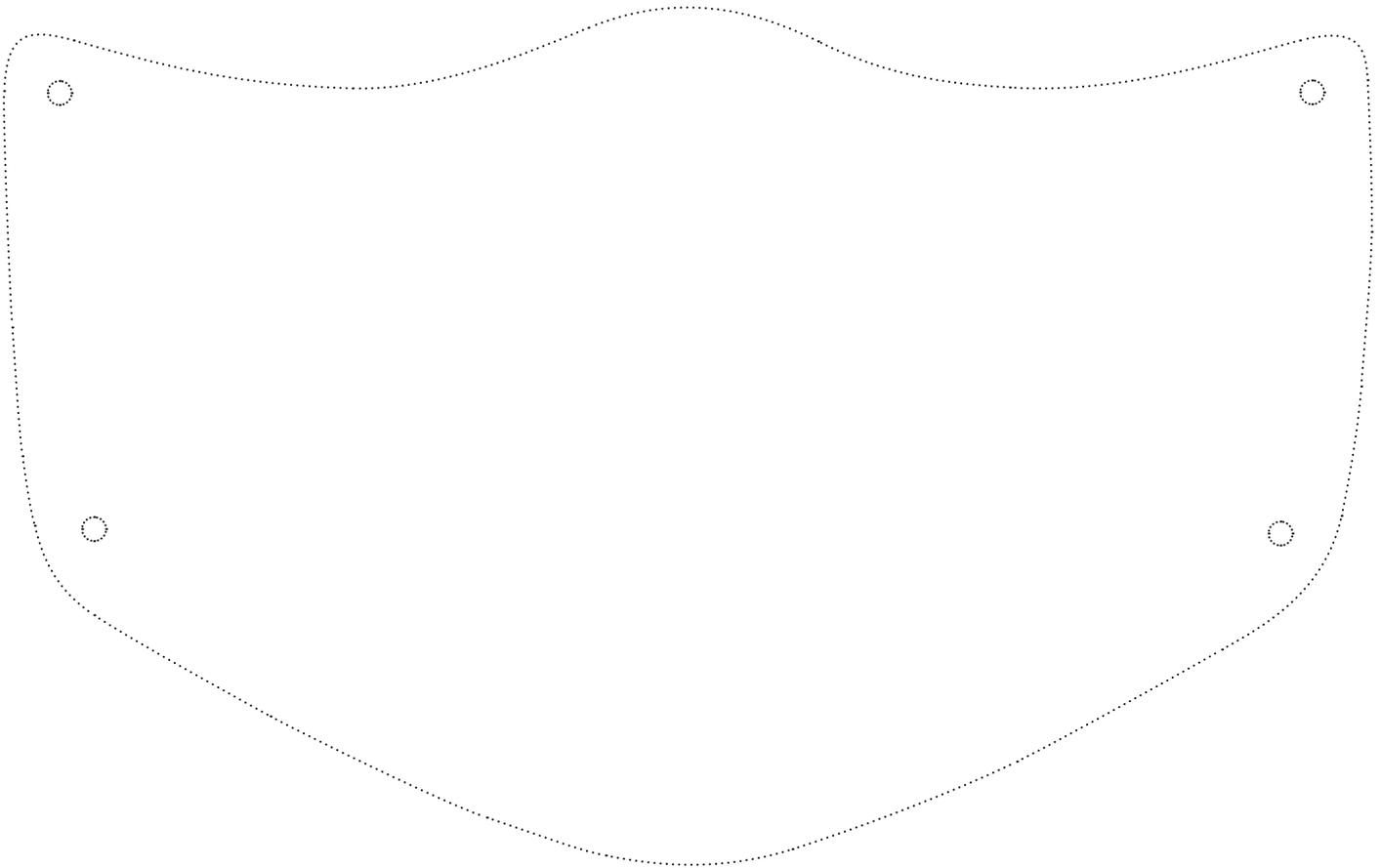
Pharmaceuticals and Medical Devices Agency (PMDA): A Japanese regulatory agency, working together with Ministry of Health, Labour and Welfare. Their obligation is to protect the public health by assuring safety, efficacy and quality of pharmaceuticals and medical devices.

Proof-of-Concept: Measurable evidence that determines whether an idea is viable.

United States Food and Drug Administration (USFDA or FDA): Federal agency of the United States Department of Health and Human Services. FDA is responsible for protecting the public health by assuring the safety, efficacy, and security of human and veterinary drugs, biological products, medical devices, our nation's food supply, cosmetics, and products that emit radiation.



During the pandemic, people in India are expected to wear face masks outside the home.  
Below is a template which you can use to make your own reusable mask. Stay safe!



# Syngene

## **SYNGENE INTERNATIONAL LIMITED**

Biocon SEZ, Biocon Park, Plot No. 2 & 3,  
Bommasandra Industrial Area, IV Phase,  
Jigani Link Road, Bengaluru - 560 099,  
Karnataka, India.

Syngene is a subsidiary of Biocon Limited, India's largest fully-integrated, innovation-led biopharmaceutical company. Through its activities, the Biocon group of companies aims to enable access to high quality advanced therapies for chronic diseases and address unmet medical needs, while lowering the cost of treatment.